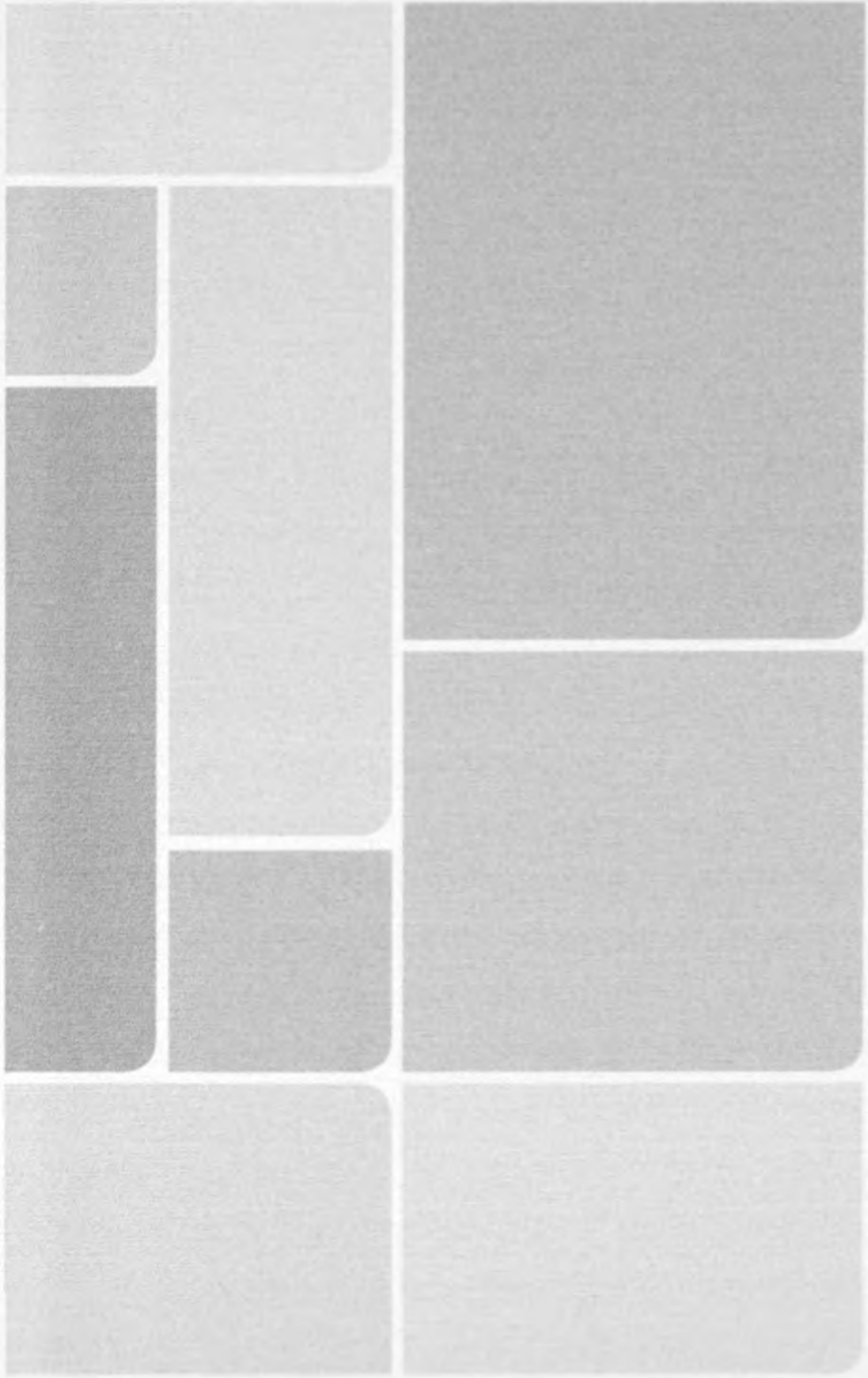
NIAGARA REGION

Quarterly Financial Update

September 2012

Niagara Region



Quarterly Financial Update

Niagara Region

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On behalf of the Niagara Region, we are pleased to provide you with this mid-year financial update.

Niagara is a culturally rich and historically significant region that offers its residents a mix of urban and rural living within 12 lower tier municipalities. The Region boasts a diverse economy that includes manufacturing, tourism, agriculture and emerging sectors such as new media, green technology and bioscience.

On the financial front, the first three quarters of the year brought some significant achievements towards strengthening Niagara Region's governance and financial sustainability. Standard & Poor's reiterated Niagara Region's AA (stable) debt rating, Council approved a new budget guidance policy and Development Charge by-law, the Audit Committee established a new compliance analyst role, and a 2013 budget was developed within corporate guidance.

As of September 30, 2012 Niagara Region is forecasting a year end funding surplus of $6.4 million ($0.7 million deficit related to the levy programs and $7.1 million surplus related to rate programs). This surplus represents 0.8 per cent of Niagara Region's 2012 operating budget. This overall surplus is being generated mainly from reduced winter control costs, higher investment income and a relatively dry year that has yielded higher water sales and reduced wastewater flows. This surplus is offset by a deficit from restated tax assessments.

Affordability and sustainability are two key elements of Niagara Region's budget strategy. Achieving a balance between providing the programs and services residents have come to rely upon, ensuring they can afford to pay for them and ensuring that we have money to fund future infrastructure and program needs is critical. We would appreciate your feedback at www.niagararegion.ca.

We hope you will find the information provided in this report of interest and welcome any suggestions for its improvement going forward.

Readers of this quarterly financial update are cautioned that actual operating results may vary from the forecast information presented. Certain assumptions and estimates are required to forecast results. The assumptions and estimates made have been done so with information available to management at the time of writing this quarterly financial update.

Consolidated Funding Surplus/(Deficit) Review

Description	Levy	Water & Wastewater	Waste Management	Total
Operating Funding Surplus/(Deficit)				
Regional Departments	$ 1,441,861	$ 5,677,856	$ 1,445,281	$ 8,564,998
General Government & Special/Joint Initiatives	(2,468,666)	-	-	(2,468,666)
Boards and Agencies	305,036	-	-	305,036
Operating Funding Surplus/(Deficit)	$ (721,769)	$ 5,677,856	$ 1,445,281	$ 6,401,368

Comments:

The Niagara Region is forecasting an overall funding surplus in 2012. The sources of this forecasted funding surplus are summarized above. Levy supported Regional departments are forecasting a consolidated funding surplus of $1,441,861 which represents 0.4 per cent of the budgeted gross expenditures for departments. This forecast was derived using assumptions and estimates based on information available to management at the time of writing this quarterly financial update. Readers of this mid-year financial update are cautioned that actual operating results may vary from the forecast information presented.

It is also important to note that there are certain risks to the above forecast including:

- Unknown results of collective bargaining currently in progress
- Legal liability could fluctuate at year end depending on claims status
- Line of sight on supplemental taxes, payments-in-lieu, assessment appeals are limited as all information for these items are not provided by the local area municipalities until yearend. To this extent the forecast for these items remains at budget with the exception of tax assessment appeals which are expected to be higher then budget resulting in a projected deficit in the general government and special/joint initiatives.

The overall levy supported funding deficit is mainly being driven by higher than budgeted tax assessment appeals. Council has directed staff to consider funding options for Bi-centennial Legacy Council and the Federation of Canadian Municipalities (FCM) Conference through 2012 surplus. Funding these items will be considered in the final year end transfer report presented in early 2013 once the 2012 year end balances are finalized.

The funding deficit will be addressed in accordance with the Council approved Surplus/Deficit Policy. It is recommended that the net levy deficit, after funding the items above, be funded from the tax write-off stabilization reserve, which has a balance of $5 million, as this is the primary driver of the deficit. Final allocation of year end surplus/deficit is subject to approval by Council projected to occur in early 2013.

Forecasted funding surpluses of $5.7 million for water and wastewater and $1.4 million for waste management will be incorporated into the long term capital financing plans for the water and wastewater and waste management programs.

Consolidated - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 331,816,817	$ 247,815,707	$ 248,670,310	$ (854,603)	$ 84,075,415	$ 332,745,725	$ (928,908)
Administrative Expenses	7,986,608	5,843,504	5,004,084	839,420	2,954,867	7,958,951	27,657
Materials, Supplies & Utilities	47,195,315	34,561,507	31,192,945	3,368,562	14,490,714	45,683,659	1,511,656
Repairs & Maintenance	18,403,244	13,598,902	12,068,113	1,530,789	5,474,929	17,543,042	860,202
Purch. Serv. & Other Operating Exp.	124,750,683	92,926,039	84,845,007	8,081,032	39,104,484	123,949,491	801,192
Social Assistance	100,419,217	75,314,268	70,445,276	4,868,992	24,613,216	95,058,492	5,360,725
Financial Expenditures	58,223,810	48,263,142	63,576,533	(15,313,391)	15,207,479	78,784,012	(20,560,202)
Capital Equipment & Renovations	2,160,587	1,530,437	1,712,043	(181,606)	1,155,044	2,867,087	(706,500)
NRH Housing Provider Subsidy & Supplemen	26,618,221	19,963,638	19,965,052	(1,414)	6,579,555	26,544,607	73,614
Transfers to Reserves & Reserve Funds	67,915,498	55,559,809	57,618,849	(2,059,040)	13,640,686	71,259,535	(3,344,037)
Allocations to Capital Program	(1,760,027)	(1,319,994)	(1,301,360)	(18,634)	(670,602)	(1,971,962)	211,935
Debt Allocation	-	-	-	-	-	-	-
Interfunctional Charges/Recoveries	-	-	967	(967)	-	967	(967)
Total Gross Expenditure	**783,729,973**	**594,056,959**	**593,797,819**	**259,140**	**206,625,787**	**800,423,606**	**(16,693,633)**
Revenue							
Taxation - Levy	(311,499,180)	(219,562,805)	(219,927,808)	365,003	(91,739,209)	(311,667,017)	167,837
Taxation - Rate	(139,069,794)	(104,011,192)	(105,604,170)	1,592,978	(34,302,854)	(139,907,024)	837,230
Ontario/Canada Grants	(227,875,735)	(169,929,201)	(170,388,621)	459,420	(55,811,422)	(226,200,043)	(1,675,692)
Fees & Service Charges	(35,481,075)	(26,509,344)	(27,627,029)	1,117,685	(9,376,746)	(37,003,775)	1,522,700
Other Revenue	(60,364,560)	(45,660,590)	(49,190,851)	3,530,261	(14,836,881)	(64,027,732)	3,663,172
Transfers from Reserves & Reserve Funds	(9,439,629)	(8,558,471)	(27,254,852)	18,696,381	(764,531)	(28,019,383)	18,579,754
Total Revenue	**(783,729,973)**	**(574,231,603)**	**(599,993,331)**	**25,761,728**	**(206,831,643)**	**(806,824,974)**	**23,095,001**
Net Expenditure/(Revenue)	**$ -**	**$ 19,825,356**	**$ (6,195,512)**	**$ 26,020,868**	**$ (205,856)**	**$ (6,401,368)**	**$ 6,401,368**

Consolidated - Statement of Operations (cont'd)

Variance Analysis

The Region is forecasting a year end funding surplus. The majority of this funding surplus is being generated by:

- Increased net investment income of $1.4 million (after a forecasted $2 million transfer to reserves for the interest allocation to reserves and a net $0.56 million transfer to investment income stabilization reserve).
- From the department side, Public Works is forecasting a surplus of $1.3 million primarily due to favourable winter conditions experienced in early 2012, and Integrated Community Planning is projecting a surplus of $0.3 million due primarily to Gateway Community Improvement Plan funding that has been proposed to be used to fund the Gateway Tax Increment based incentive programs in 2013; this is being offset by various departments including Community Services which is forecasting a $0.3 million deficit (see commentary in the department specific pages of this booklet).
- Increased Waste Management Services surplus of $1.4 million due primarily to a volatile recyclables market resulting in lower payments to Waterloo and Haldimond under existing contracts.
- Increased net Water and Wastewater Services surplus of $5.7 million primarily due to a relatively dry year which has yielded higher than projected water sales and a reduction in wastewater flows at Regional plants.

The $0.9 million in unfavourable personnel costs is mainly being driven by:

- Niagara Region Police Services (NRPS) personnel costs are over budget by $1.6 million primarily due to an overtime deficit and additional retirement and sick leave payouts.
- Community Services personnel costs are over budget by $0.8 million in relation to payroll related costs, overtime and an unfunded arbitration award for Seniors Services. This variance is offset by increased revenue in union billings and increased revenues from resident fees.
- Public Health personnel costs are under budget by $0.9 million due to position gapping. In order to offset this surplus and maximize ministry funding, additional interfunctional charges with the Corporate Services Department were completed.
- Niagara Region Emergency Medical Services (NEMS) personnel costs are over budget by $0.3 million due to higher than anticipated overtime costs.

Unfavourable financial expenditures are being driven by:

- An unbudgeted but planned and approved special initiative contribution payment to the Niagara Health Systems Cancer Centre ($15.4 million). This is offset by a favourable variance in transfers from reserves further explained below. As per report CSD 146-2011, the Cancer Centre contribution which was originally expected to occur at a rate of $1 million per year for 30 years was fully paid in 2012 at the present value dollar amount. This payment was internally financed from reserves and expensed to the operating fund.
- Known tax assessment restatements resulting from appeals.

Favourable transfers from reserves of $18.6 million are mainly being driven by:

- Full payout of Cancer Centre contribution ($15.4 million) and impact of internally financing this contribution ($0.5 million) per report CSD 146-2011.
- Transferring 2011 encumbrances ($2.7 million) to be used by departments in 2012 per report CSD 29-2012.
- Use of investment income stabilization reserve ($0.7 million) per report CSD 77-2012.
- NRPS forecasted transfers from reserve to offset increased expenditures ($0.9 million). Approval of amount and which reserves will be utilized will take place at year end.
- Transfers to support various Public Health programs ($0.3 million) per the 2011 year end transfer report CSD 35-2012.

In addition, departments are currently forecasting to return approximately $1.6 million of planned transfers from reserves as they are not expected to be required. Final amounts will be presented to Council for approval through the year end transfer report.

Corporate Administration - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 1,990,914	$ 1,496,597	$ 1,457,373	$ 39,224	$ 500,576	$ 1,957,949	$ 32,965
Administrative Expenses	177,865	143,185	170,630	(27,445)	52,220	222,850	(44,985)
Materials, Supplies & Utilities	36,775	27,212	19,764	7,448	13,867	33,631	3,144
Repairs & Maintenance	200	144	-	144	200	200	-
Purch. Serv. & Other Operating Exp.	150,650	117,730	39,081	78,649	22,277	61,358	89,292
Capital Equipment & Renovations	2,295	1,701	1,657	44	1,508	3,165	(870)
Interfunctional Operating Charges	11,080	8,307	12,188	(3,881)	2,773	14,961	(3,881)
Total Gross Expenditure	**2,369,779**	**1,794,876**	**1,700,693**	**94,183**	**593,421**	**2,294,114**	**75,665**
Revenue							
Other Revenue	(35,125)	(26,343)	(47,713)	21,370	(3,708)	(51,421)	16,296
Total Revenue	**(35,125)**	**(26,343)**	**(47,713)**	**21,370**	**(3,708)**	**(51,421)**	**16,296**
Net Expenditure/(Revenue)	**$ 2,334,654**	**$ 1,768,533**	**$ 1,652,980**	**$ 115,553**	**$ 589,713**	**$ 2,242,693**	**$ 91,961**

Corporate Administration - Statement of Operations (cont'd)

Community Impacts & Achievements

The Corporate Administration (Council, Offices of the Regional Chair and Chief Administrative Officer) budget is 85 per cent personnel cost driven. This team provides overall political leadership, governance, policy direction and corporate management to the Corporation.

Major Priorities / Initiatives include:

- Implementing Council's 2012 -2015 Business Plan that aims to improve services and reduce costs; improve Niagara's economy, governance and community services
- Reviewing the Region's various programs and service delivery areas for improved effectiveness and greater efficiency including development of clear and meaningful performance measures
- Delivering effective government and stakeholder relations to leverage partnerships and secure provincial and federal government support for Niagara's needs and priorities

Major 2012 Deliverables include:

- Piloting an inter-municipal transit program
- Established a "Responsive Region Improvement Team" to lead a series of program reviews to enhance service to residents; find process improvements; and achieve measurable savings to Niagara taxpayers
- Led another successful "Niagara Week" government relations event in Queen's Park to educate the provincial government on the needs of Niagara and secure their support for our priorities
- Transitioned Niagara's Economic Development function to a new model that leverages related collective efforts in Niagara, improves business retention and expansion services and provides one window service to potential new businesses to Niagara
- Developing a government relations strategy involving more targeted, coordinated approach to upper levels of Government
- Developed a new Performance Measurement Framework to track Corporation efficiency and effectiveness in each of our departments
- Branded Niagara as the "Green Capital of Canada" to recognize our leadership in the promotion and production of renewable and environmentally friendly energy
- Commenced a Governance Review to determine whether changes to the structure, composition and functioning of Regional Council can improve decision making toward an improved economy in Niagara
- Developed a new Community Improvement Plan to encourage new development with the Gateway Economic Zone and Center

Variance Analysis

As a result of a decidedly new direction to have Niagara Week undertaken in-house (previously contracted to a government relations firm), along with more reliance on staff to produce special projects (thereby decreasing the need for consultancy work), as well as reductions in other administrative operating expenses, a positive variance has resulted across all three divisions. Savings achieved through aforementioned benefits, minor savings to other unrelated operating expenses and HST rebate revenue have also offset increases in mileage and conference expenditures incurred by Regional Council.

Corporate Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 16,665,014	$ 12,499,775	$ 12,221,198	$ 278,577	$ 4,311,254	$ 16,532,452	$ 132,562
Administrative Expenses	391,954	294,985	262,901	32,084	118,518	381,419	10,535
Materials, Supplies & Utilities	2,013,895	1,509,939	1,237,342	272,597	532,245	1,769,587	244,308
Repairs & Maintenance	2,100,654	1,575,306	1,539,428	35,878	525,669	2,065,097	35,557
Purch. Serv. & Other Operating Exp.	6,772,808	5,068,769	5,848,733	(779,964)	2,760,176	8,608,909	(1,836,101)
Financial Expenditures	216,619	162,450	163,002	(552)	27,455	190,457	26,162
Capital Equipment & Renovations	21,310	15,948	24,985	(9,037)	17,635	42,620	(21,310)
Transfers to Reserves & Reserve Funds	112,079	84,051	84,051	-	28,028	112,079	-
Allocations to Capital Program	(223,010)	(167,247)	(51,600)	(115,647)	(88,161)	(139,761)	(83,249)
Interfunctional Charges/Recoveries	(12,950,524)	(9,712,252)	(9,752,986)	40,734	(4,087,118)	(13,840,104)	889,580
Total Gross Expenditure	**15,120,799**	**11,331,724**	**11,577,054**	**(245,330)**	**4,145,701**	**15,722,755**	**(601,956)**
Revenue							
Ontario/Canada Grants	(12,500)	(6,250.00)	-	(6,250.00)	(6,038)	(6,038)	(6,462.00)
Fees & Service Charges	(154,000)	(115,497)	(31,682)	(83,815)	(50,300)	(81,982)	(72,018)
Other Revenue	(677,464)	(508,041)	(642,044)	134,003	(135,881)	(777,925)	100,461
Transfers from Reserves & Reserve Funds	(252,500)	(177,660)	(758,253)	580,593	(74,840)	(833,093)	580,593
Total Revenue	**(1,096,464)**	**(807,448)**	**(1,431,979)**	**624,531**	**(267,059)**	**(1,699,038)**	**602,574**
Net Expenditure/(Revenue)	**$ 14,024,335**	**$ 10,524,276**	**$ 10,145,075**	**$ 379,201**	**$ 3,878,642**	**$ 14,023,717**	**$ 618**

Corporate Services - Statement of Operations (cont'd)

Community Impacts & Achievements

There have been a number of significant projects and initiatives undertaken in Corporate Services in the third quarter of 2012. These include the following:

- Year-to-date claims costs due to lost-time injuries identify a decrease of $200,000 – and an overall decrease that currently surpasses our 2013 target of an overall reduction of lost-time injuries by 7 per cent.
- 4,930 IT service requests in the third quarter, a slight decrease from Q2 but a large increase over Q3 2011.
- IT Solutions completed 21 separate projects, cancelled nine projects that were not needed and added 34 new projects for our client groups across the corporation. Completed projects include: capital visualization tool, financial system needs analysis, career board and newcomer portal, and several online applications for citizens.
- Introduction of long-term facilities plan for Niagara Emergency Medical Services (NEMS) to Public Health and Social Services Committee
- Report to committee on next stages for new financial management system for the corporation completed and to be presented at first council meeting in Q4.
- Undertook 978 work orders across the 53 facilities managed by our Properties Management division.
- State of the infrastructure report for facilities and Niagara Region energy strategy presented to council.
- Finalized cost allocations for 2013 budget; allowing for balanced 10-year capital budget; significant public consultation process for 2013 budget, report presented to council in partnership with communications staff.
- Completion of business continuity plan for Niagara Region systems and software.
- NRPS facilities – official opening of the combined NRPS/EMS facility in Fort Erie in Q3.
- Attendance management and leaves process went live at the end of October – by end of Q3 pilot was completed with changes made to technology, business process, program design and HR positions; metrics established and data will be tracked.
- Labour relations – freely negotiated four of seven collective agreements; interest arbitration hearing for the fifth occurred in Q3.

Variance Analysis

Corporate Services has a year-to-date surplus of $379,201. Divisional forecasts continue to fluctuate both above and below our year-end budget, however departmentally we are currently forecasting essentially a balanced year-end budget with a minor surplus of $618. To date, favourable variances have occurred in personnel costs with gapping dollars resulting from a number of delays in filling vacancies and corporate reorganizations. In addition, a favourable variance in materials, supplies and utilities resulting from conservation efforts in natural gas usage, in addition to costs rising for electricity and natural gas at a lower than anticipated rate in the first half of 2012. A one-time, unbudgeted variance has occurred in other revenue, with the recovery of significant legal costs with respect to a resolved litigation. An additional year-end favourable variance in interfunctional operating recoveries is the result of absorbing $848,819 in one-time surplus funds from Public Health as part of our Service Level Agreement which covers the costs of support services provided annually.

Unfavourable variances have occurred as a result of the administration of various insurance costs, mainly the resolution of a number of large legal claims on behalf of areas of the corporation. This includes the costs of settlements in addition to external legal assistance in a number of these cases. An unfavourable variance has occurred in consulting services, resulting from costs for our purchasing and procurement review, in addition to our emergency dispatch review, with this offset by an unbudgeted transfer from reserves (OE35) to cover those costs (CSD 153-2011). An additional transfer from reserves of $400,000 (OE35) has occurred to cover costs associated with preparations for the implementation of a new financial management system (CSD 152-2011). These funds were encumbered from the 2011 budget.

Public Works Levy - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 16,432,797	$ 12,365,042	$ 12,122,963	$ 242,079	$ 4,143,946	$ 16,266,909	$ 165,888
Administrative Expenses	1,111,522	834,791	860,394	(25,603)	353,849	1,214,243	(102,721)
Materials, Supplies & Utilities	6,449,660	4,949,876	4,097,697	852,179	2,078,833	6,176,530	273,130
Repairs & Maintenance	265,025	198,720	167,199	31,521	62,152	229,351	35,674
Purch. Serv. & Other Operating Exp.	7,441,712	5,776,807	5,121,986	654,821	1,954,854	7,076,840	364,872
Financial Expenditures	500,000	374,994	76,100	298,894	123,900	200,000	300,000
Capital Equipment & Renovations	79,909	59,886	34,363	25,523	8,852	43,215	36,694
Transfers to Reserves & Reserve Funds	1,793,330	1,369,990	1,369,990	-	423,340	1,793,330	-
Allocations to Capital Program	(764,940)	(573,696)	(737,992)	164,296	(410,908)	(1,148,900)	383,960
Interfunctional Charges/Recoveries	(2,458,307)	(1,843,702)	(1,760,465)	(83,237)	(564,811)	(2,325,276)	(133,031)
Total Gross Expenditure	**30,850,708**	**23,512,708**	**21,352,235**	**2,160,473**	**8,174,007**	**29,526,242**	**1,324,466**
Revenue							
Ontario/Canada Grants	(233,221)	(174,915)	(174,916)	1	(58,305)	(233,221)	-
Fees & Service Charges	(2,520,350)	(1,790,179)	(1,576,724)	(213,455)	(1,117,002)	(2,693,726)	173,376
Other Revenue	(1,016,863)	(762,624)	(651,591)	(111,033)	(236,021)	(887,612)	(129,251)
Transfers from Reserves & Reserve Funds	(550,000)	(537,494)	(754,503)	217,009	287,494	(467,009)	(82,991)
Total Revenue	**(4,320,434)**	**(3,265,212)**	**(3,157,734)**	**(107,478)**	**(1,123,834)**	**(4,281,568)**	**(38,866)**
Net Expenditure/(Revenue)	**$ 26,530,274**	**$ 20,247,496**	**$ 18,194,501**	**$ 2,052,995**	**$ 7,050,173**	**$ 25,244,674**	**$ 1,285,600**

Public Works Levy - Statement of Operations (cont'd)

Community Impacts & Achievements

The Public Works Levy Divisions include Transportation Services, Development Services, and Public Works Administration. The Development Services division approves and inspects approximately 426 private systems annually and reviews over 647 development planning applications (both 2011 figures), ensuring alignment with Provincial and Regional policies, plans and regulations. Transportation Services maintains over 750 km of roads, 183 bridges and culverts, and 295 traffic signals, and provides snow removal services on Regional roads. This division also provides oversight of the Niagara Specialized Transit and Regional Transit Pilot, maintains Regional vehicles and equipment, undertakes Transportation studies and strategic planning initiatives, and delivers the Transportation-related capital program. The Public Works Administration division provides operational, strategic and financial support services in support of all of the Departmental program areas, including the Rate-related water, wastewater and waste management programs.

Key initiatives in support of the Council Business Plan that are included in the 2012 work plan for these divisions include:

- LEAN process and operational review within Development Services & Transportation (traffic signals & pavement marking)
- "Open for Business" agenda for Development Services
- Niagara Regional Transit pilot project
- Update to the Regional Transportation Strategy
- 10-year Capital Works Plan Priority Alignment
- Benchmarking initiatives
- Class EA for a new Highway 406 interchange between Fourth Avenue and Third Avenue
- Computerized Maintenance Management System (CMMS) for enhanced transportation operations
- iDarts Phase 2: LAM roll-out & PWC reporting of growth-related data & trends

Variance Analysis

A $1.29 million favourable position is projected for the year for the Public Works Levy Divisions, approximately half of which can be summarized as being attributable to the favourable winter conditions experienced in early 2012, with the remainder resulting from items such as additional staff time allocated to capital projects, savings in personnel costs, and additional revenue generated for the traffic signal maintenance requests received.

Significant areas of savings in the $1.32 million favourable variance for gross expenditures are the materials & supplies and purchased services, which are anticipated to generate a surpluses of $273,000 and $364,000 by year end, respectively. These savings relate mostly to the transportation operations, where materials such as salt, sand and asphalt are expected to generate savings ($358,000) due in part to the light winter conditions experienced early in the year. These winter conditions also account for the savings projected for purchased services, as a reduction in the amount of labour contracted from the City of St. Catharines was realized as well ($141,000).

A $300,000 favourable variance has been identified for Financial Expenditures, reflecting a lower-than-budgeted utilization of grant funding available to the local municipalities for the bike path, drainage assessment and storm sewer programs. As these programs are currently fully funded from reserve, a $300,000 reduction in the budgeted Transfer from Reserve & Reserve Fund has also been included in the October to December forecast.

Finally, favourable variances are anticipated in personnel costs ($165,000, including vacancy management savings), as well as in allocations to capital programs due to additional staff time that is attributable to capital project delivery.

Fees and Service Charges are expected to generate an additional $173,000 for the year 2012, due largely to traffic signal maintenance revenues. These surpluses are anticipated to be partially offset by an unfavourable variance in Other Revenue ($129,000) due to Niagara Regional Transit (NRT) revenues, which are currently projected to total $460,000 for the year, resulting in a $191,000 unfavourable variance in NRT revenue when compared to the budget.

Water and Wastewater Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 20,154,845	$ 15,173,428	$ 14,989,685	$ 183,743	$ 5,050,328	$ 20,040,013	$ 114,832
Administrative Expenses	564,961	423,450	340,694	82,756	141,168	481,862	83,099
Materials, Supplies & Utilities	13,602,771	10,200,825	9,582,462	618,363	3,587,554	13,170,016	432,755
Repairs & Maintenance	7,430,471	5,572,548	4,468,634	1,103,914	1,818,092	6,286,726	1,143,745
Purch. Serv. & Other Operating Exp.	14,316,490	10,735,840	8,541,960	2,193,880	3,671,745	12,213,705	2,102,785
Capital Equipment & Renovations	130,455	97,740	126,528	(28,788)	42,097	168,625	(38,170)
Transfers to Reserves & Reserve Funds	39,221,873	29,491,392	29,491,392	-	9,730,481	39,221,873	-
Allocations to Capital Program	(550,892)	(413,163)	(355,273)	(57,890)	(120,346)	(475,619)	(75,273)
Debt Allocation	6,944,589	5,497,212	5,497,212	-	1,447,377	6,944,589	-
Interfunctional Charges/Recoveries	5,226,282	3,919,644	3,859,821	59,823	1,267,944	5,127,765	98,517
Total Gross Expenditure	**107,041,845**	**80,698,916**	**76,543,115**	**4,155,801**	**26,636,440**	**103,179,555**	**3,862,290**
Revenue							
Taxation - Rate	(105,069,066)	(78,511,150)	(80,120,087)	1,608,937	(25,786,182)	(105,906,269)	837,203
Fees & Service Charges	(1,086,800)	(815,085)	(1,038,705)	223,620	(257,813)	(1,296,518)	209,718
Other Revenue	(285,979)	(214,461)	(566,859)	352,398	(104,863)	(671,722)	385,743
Transfers from Reserves & Reserve Funds	(600,000)	(450,000)	(1,082,902)	632,902	100,000	(982,902)	382,902
Total Revenue	**(107,041,845)**	**(79,990,696)**	**(82,808,553)**	**2,817,857**	**(26,048,858)**	**(108,857,411)**	**1,815,566**
Net Expenditure/(Revenue)	**$ -**	**$ 708,220**	**$ (6,265,438)**	**$ 6,973,658**	**$ 587,582**	**$ (5,677,856)**	**$ 5,677,856**

Water and Wastewater Services - Statement of Operations (cont'd)

Community Impacts & Achievements

The water division is responsible for the treatment and distribution of 59 billion litres of water per year (2011 amount) through a total of 59 water facilities, including six water treatment plants, as well as 316 km of watermains. Similarly, the Wastewater division treats 86 billion litres of wastewater per year (2011 amount) at 11 plants and one lagoon, with collection through 123 pump stations and 283 km of wastewater mains. In addition, these divisions are also responsible for master servicing plans, input into water and wastewater approvals, design and construction, biosolids management, laboratory services, utility locates and environmental monitoring and enforcement. Specific initiatives included in the 2012 departmental work plan include:

- An update to the Region's internal benchmarking initiative
- Undertaking key program reviews in areas such as bulk purchasing, potable water reduction, treatment process enhancements, maintenance staff redeployment opportunities, etc.
- The Water & Wastewater Review
- Regional water supply risk mitigation
- Energy Conservation & Demand Management Plan Regulation compliance
- Biosolids management optimization and a review of the potential for Biogas Injection into the Natural Gas grid
- Business continuity planning
- Children's Water Festival

Variance Analysis

The $5.67 million favourable year end position identified above for Water & Wastewater Services can be attributed at a high level to a combination of a relatively dry year which has yielded higher than projected water sales and a significant reduction in wastewater flows at Regional plants, unexpended funds from the provision made annually for emergency repairs to equipment and forcemains, and a delay in several initiatives due to key staff vacancies and time requirements related to business continuity planning.

As of the end of September, the Water & Wastewater divisions reflect a combined net favourable position of $6.97 million, of which $4.11 million has been generated in the Water division and $2.86 million has been generated in Wastewater. By year end the favourable balance may decline to $5.67 million, with $3.39 million being attributed to Water and the remaining $2.28 million to Wastewater. This projected surplus consists of both savings in expenditures ($3.86 million) and favourable revenues ($1.81 million)

Of the $3.86 million projected favourable position in gross expenditures at year end, $2.10 million relates to savings anticipated in purchased services. This amount includes favourable anticipated balances in consulting services ($896,000) as several initiatives have been impacted by vacancies in key positions and diversion of staff to planning for a potential labour disruption. There are also anticipated savings in sludge disposal ($530,000) and hydro costs ($143,000) due to process optimizations, conservation, and a reduction in wastewater flows. During the first three quarters of 2012, the total wastewater flows at Regional plants has decreased by 21 per cent when compared to the previous year.

Projected savings of $1.1 million have been reflected for Repairs and Maintenance (R&M), which are allocations for emergency response to equipment failures and forcemain breaks. While a favorable variance has been projected for these R&M accounts (largely in the Water division), year-end actuals will be contingent on emergency repairs required during final quarter.

Personnel costs are expected to generate savings of $114,000 due to a combination of vacancy management and shift adjustments that have reduced the amount of overtime incurred at the plants.

The largest contributor to the $1.81 million in projected favourable revenue is the anticipated surplus in the variable water rate revenue of $1.05 million. At the time of variance review, water flows are trending higher than projected and a year-end total sale of 61 million cubic metres (versus the 59 cubic metres budgeted) is anticipated. Energy incentive rebates totaling $241,000 have also been received, further increasing the favourable balance.

Waste Management Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 3,391,421	$ 2,552,681	$ 2,475,015	$ 77,666	$ 824,705	$ 3,299,720	$ 91,701
Administrative Expenses	128,709	96,040	53,970	42,070	19,296	73,266	55,443
Materials, Supplies & Utilities	4,100,830	3,058,324	2,241,384	816,940	1,046,475	3,287,859	812,971
Repairs & Maintenance	778,823	584,258	631,469	(47,211)	191,943	823,412	(44,589)
Purch. Serv. & Other Operating Exp.	37,787,770	28,227,843	25,223,832	3,004,011	9,989,653	35,213,485	2,574,285
Capital Equipment & Renovations	135,664	112,848	23,346	89,502	100,972	124,318	11,346
Transfers to Reserves & Reserve Funds	781,930	586,440	586,440	-	195,490	781,930	-
Allocations to Capital Program	(221,185)	(165,888)	(153,560)	(12,328)	(51,187)	(204,747)	(16,438)
Debt Allocation	4,722,916	4,327,987	4,327,987	-	394,929	4,722,916	-
Interfunctional Charges/Recoveries	704,096	528,102	540,455	(12,353)	164,894	705,349	(1,253)
Total Gross Expenditure	**52,310,974**	**39,908,635**	**35,950,338**	**3,958,297**	**12,877,170**	**48,827,508**	**3,483,466**
Revenue							
Taxation - Rate	(34,000,728)	(25,500,042)	(25,484,079)	(15,963)	(8,516,672)	(34,000,751)	23
Ontario/Canada Grants	(3,825,228)	(2,868,912)	(2,695,306)	(173,606)	(1,027,032)	(3,722,338)	(102,890)
Fees & Service Charges	(2,592,246)	(1,944,171)	(1,867,447)	(76,724)	(620,967)	(2,488,414)	(103,832)
Other Revenue	(11,892,772)	(8,976,907)	(7,658,000)	(1,318,907)	(2,328,874)	(9,986,874)	(1,905,898)
Transfers from Reserves & Reserve Funds	-	-	(74,412)	74,412	-	(74,412)	74,412
Total Revenue	**(52,310,974)**	**(39,290,032)**	**(37,779,244)**	**(1,510,788)**	**(12,493,545)**	**(50,272,789)**	**(2,038,185)**
Net Expenditure/(Revenue)	**$ -**	**$ 618,603**	**$ (1,828,906)**	**$ 2,447,509**	**$ 383,625**	**$ (1,445,281)**	**$ 1,445,281**

Waste Management Services - Statement of Operations (cont'd)

Community Impacts & Achievements

Waste Management Services (WMS) is responsible for the operation of various facilities (landfill sites, household hazardous waste (HHW) depot and recycling centre), the delivery of curbside waste, recycling and organics collection services and diversion programs, the management of long-term organics processing and disposal contracts, as well as policy development and capital program delivery. In addition to the operation of permanent drop-off depots, special event days are provided for diverting recyclables, electronics, household hazardous waste, scrap metal and other materials. Priority initiatives which have been completed as part of the 2012 workplan include:

- Construction & demolition material recycling program (depot) review
- Household hazardous waste program review and resulting consolidation of event days from 28 to 17
- Multi-residential recycling program implementation (final phase)
- Increase the garbage tag fee to full cost recovery
- Policy development for waste management exemptions for the non-profit sector
- Public space recycling (Phase 2) - "Niagara Recycles...On the Go"
- Waste electrical and electronic equipment (WEEE) collection options study

The 2012 initiatives which are in progress include reviews of the residential waste diversion target and a materials recycling facility (MRF), pilot programs for curbside battery collection and special events recycling, the Humberstone landfill EA, the release of an RFP for alternative diversion and disposal technologies, as well as the implementation of the multi-residential organics program (Phase 1).

WMS received several awards in 2012:

1. Ontario Electronic Stewardship (OES) program award for outstanding accomplishments in the collection of electronic waste for recycling.
2. Recycling Council of Ontario (RCO) 2012 Waste Minimization Awards (Gold Award in the Municipal Diversion category in recognition of Niagara's successful diversion programs, Platinum Award in the Municipal Special Program category);
3. Municipal Waste Association (MWA) awards for Promotion and Education work (Silver Award for the "Recycling Ins and Outs" Campaign, Bronze Award in the "Promotion and Education Tool" category).

Variance Analysis

The Waste Management program currently projects an operating surplus of $1.53 million for the year 2012. As described in more detail below, drivers of this surplus are based on the savings in the Walker organics and disposal contracts due to lower tonnages, favourable RFP results, reduced contract services costs and reduced recycling processing costs and payments to Waterloo and Haldimand. The savings are partially offset by the reduction in the revenue generated by the recycling program due to volatile recyclables market pricing.

The $2.57 million favourable variance anticipated in purchased services is primarily due to the following items which total $2.43 million:

- Lower than budgeted tonnage sent to Walker for waste disposal ($219,000) and organics processing ($484,000)
- Reductions in landfill related operations/maintenance contract services costs ($765,000)
- Redirection of newsprint from Abitibi to other materials markets resulting in lower processing costs ($181,000, contingent on on the quality specifications by newsprint market) and lower transportation costs ($174,000 in reduced expenditures which are reflected in lower per tonne revenue)
- Niagara Falls enhanced collection contract due to positive RFP results ($228,000)
- Delay in the initiation of the MMS system pending the current transportation CMMS implementation and corporate ERP review ($150,000)
- Reduction in the operations contract cost for the Niagara Rd 12 permanent HHW depot ($123,000)
- Reduction in recycling collection contract expenditures ($105,000)

The projected savings in materials and supplies of $813,000 are largely due to lower payments to Waterloo and Haldimand under the existing contracts and for other third party purchases as a result of recycling market prices that are lower than anticipated in the 2012 Budget ($665,000 less than budgeted).

The weakening of the recyclables market is also the key driver of the projected year-end $2.04 million shortfall in revenue. During the first three quarters of the year, revenue from recyclables (including ECO Glass) was lower than the budgeted amount by $1.39 million and it is anticipated the shortfall will increase to $2.06 million by year-end. The largest impact is expected in the newsprint material revenue stream ($2.02 million), due to both the softening market and the redirection of tonnage from Abitibi to other markets. Also included in the total revenue for 2012 is a decrease in tipping fee revenue of $117,000 as a result of a reduction in self-hauled waste delivered to the three Regional landfill/drop-off depot sites, as well as a projected increase in garbage tag sale revenues of $367,000.

Community Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Oct)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 82,445,189	$ 61,896,620	$ 61,744,739	$ 151,881	$ 21,545,451	$ 83,290,190	$ (845,001)
Administrative Expenses	1,170,942	883,832	635,743	248,089	529,356	1,165,099	5,843
Materials, Supplies & Utilities	7,184,620	5,084,255	5,350,712	(266,457)	2,132,722	7,483,434	(298,814)
Repairs & Maintenance	1,010,596	660,798	652,623	8,175	394,934	1,047,557	(36,961)
Purch. Serv. & Other Operating Exp.	31,662,383	22,808,238	22,702,695	105,543	11,334,249	34,036,944	(2,374,561)
Social Assistance	100,419,217	75,314,268	70,445,275	4,868,993	24,613,216	95,058,491	5,360,726
Financial Expenditures	32,905	23,165	13,709	9,456	15,774	29,483	3,422
Capital Equipment & Renovations	521,029	328,277	438,446	(110,169)	269,397	707,843	(186,814)
Transfers to Reserves & Reserve Funds	410,260	306,477	308,807	(2,330)	103,783	412,590	(2,330)
Interfunctional Charges/Recoveries	372,339	278,736	300,664	(21,928)	93,591	394,255	(21,916)
Total Gross Expenditure	**225,229,480**	**167,584,666**	**162,593,413**	**4,991,253**	**61,032,473**	**223,625,886**	**1,603,594**
Revenue							
Ontario/Canada Grants	(165,214,865)	(123,358,721)	(122,174,486)	(1,184,235)	(41,056,768)	(163,231,254)	(1,983,611)
Fees & Service Charges	(22,235,198)	(16,676,190)	(17,420,620)	744,430	(5,575,140)	(22,995,760)	760,562
Other Revenue	(383,393)	(283,167)	(484,709)	201,542	(109,003)	(593,712)	210,319
Transfers from Reserves & Reserve Funds	(937,883)	(703,395)	(703,395)	-	703,395	-	(937,883)
Total Revenue	**(188,771,339)**	**(141,021,473)**	**(140,783,210)**	**(238,263)**	**(46,037,516)**	**(186,820,726)**	**(1,950,613)**
Net Expenditure/(Revenue)	**$ 36,458,141**	**$ 26,563,193**	**$ 21,810,203**	**$ 4,752,990**	**$ 14,994,957**	**$ 36,805,160**	**$ (347,019)**

Community Impacts & Achievements

Children's Services:

- Reduced child care fee subsidy wait list by approximately 100 families through the placement of students starting or returning to school and English as a Second Language working cooperatively with key service partners.
- Completed first phase of retro-fit at St. Catharines' Regional Child Care Centre with an expanded parking lot and adequate lighting to improve safety and accommodate further community use of the building after hours.
- Continued to support training opportunities for early child hold practitioners though student placement at directly operated centres and licensed home child care.
- Develop a Niagara response to the Province's discussion paper on the modernization of child care reflective of the considerable work done in Niagara on systems quality and supported by a series of recommendations for consideration.
- Selected to participate in a Ministry of Education working group to develop a new child care funding formula expected to be implemented for the 2013 contract year.
- Successful implementation of a cooperative partnership between City of Thorold, Thorold Community Activities Group, Niagara Sport Commission and Prokids to offer family swim passes in the community to broaden and simply access for child and families in the community.
- Completed a capital plan investment strategy for Niagara's child care system to guide limited capital resources in support of child care transition including re-profiling of sites to accommodate younger aged children and to leverage capital provided to school boards under a new school-first child care policy.

Community Services - Statement of Operations (cont'd)

Community Impacts & Achievements (cont'd)

Social Assistance & Employment Opportunities:

- As of October 2012 Niagara Prosperity Initiative has invested in 183 programs that have partnered with 62 agencies across Niagara.
- Developed a response and alternate program to help towards addressing the provincial decision to terminate the Community Start Up and Maintenance Benefit.
- Work has commenced internally and with community partners to develop a10 year housing and homelessness action plan.
- Work to analyze the Social Assistance Review Commission paper released Oct. 24 has commenced and reporting to Council anticipated in Q4.

Seniors Services:

- Submission of two successful proposals to the LHIN for additional funding in Seniors Community Programs allowing for $267,199 in new money to fund 2.6 FTE's to increase supports to Niagara's aging population.
- Integration of the LHIN BSO (Behavioural Supports Ontario) program into the long-term care homes. (BSO Program: provides service enhancements for resident with complex and responsive behaviors).
- Successful completion of mock evacuation exercises across the long-term care homes.
- In Seniors Community Programs, 2,571 clients were served in the first six months and an additional 454 new clients were added in the third quarter.
- Provision of leadership to the HNHB BSO community sub-committee resulting in a pilot of the Integrated Community Lead model. The model introduces a business process that identifies a "principle" Integrated Community lead in support of coordinated service planning across agencies serving a common client.
- Participation in the LHIN Action to Integration planning group to inform the future governance structure of the LHIN to advance integration and collaboration efforts across the health system.
- Completion of internal business process mapping and streamlining through the Client Record Management System technology for improved access and timely service receipt for eligible clients.
- Reorganization of existing Adams Dementia Respite center and Adult Day services to create one point of access, and increase flexibility of service provision to respond to community need. Adams Respite center now supports day respite, short stay respite, and overnight respite. Services can be accessed individually or as a bundled service to respond to family/client needs.
- Seniors had a home deemed a best practice home in the province for their work in Montessori Based Dementia Programming. In 2012 to date, representatives from 11 different long-term care homes including homes in Toronto, Guelph, and Cambridge as well as a visit from Toronto Psychogeriatric Resource Consultants have toured the home to learn more about the program and how to implement a similar program at their respective sites.

Variance Analysis

Community Services is forecasting a year end deficit of an estimated $350,000. Senior Services is anticipating a deficit of $654,544 while Social Assistance & Employment Opportunities is anticipating a surplus of $247,142.

The Seniors deficit is the result of variance in personnel costs of $991,508 which is made up of payroll related costs, overtime, the unfunded arbitration award and associated costs. In addition there is a deficit in food costs of approximately $300,000 as food prices continue to rise. This is offset by increased revenue in union billings and increased revenues from resident fees. A new shift scheduling system has been implemented in mid 2012 which is expected to reduce overtime costs while supporting the best practice of consistency of staffing with the residents.

The Children's Services division had forecasted a deficit at the end of Q2, but since that time the Ministry has announced one time revenues which has now allowed for a balanced budget for the division.

Social Assistance & Employment Opportunities (SAEO) has experienced a caseload growth of 2 per cent in the first three quarters of 2012, which is under budget, should this more sustainable level of caseload growth continue through to the end of 2012 SAEO will not require the draw from reserves originally included in the 2012 budget and will finish 2012 with a small surplus. Should the reserve transfer not be required, the full budget of $937,883 will not be drawn from the reserve in 2012. While caseload growth has leveled off, the staffing ratios for case managers remain high and have been addressed in the 2013 proposed budget.

Public Health - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 29,695,967	$ 22,350,056	$ 21,397,342	$ 952,714	$ 7,354,929	$ 28,752,271	$ 943,696
Administrative Expenses	1,151,405	793,429	750,723	42,706	435,683	1,186,406	(35,001)
Materials, Supplies & Utilities	1,193,561	835,802	581,822	253,980	742,755	1,324,577	(131,016)
Repairs & Maintenance	80,500	39,089	27,974	11,115	71,638	99,612	(19,112)
Purch. Serv. & Other Operating Exp.	2,928,145	2,161,237	1,831,801	329,436	705,895	2,537,696	390,449
Capital Equipment & Renovations	271,300	171,150	245,530	(74,380)	86,500	332,030	(60,730)
Interfunctional Charges/Recoveries	2,424,154	1,818,062	1,782,661	35,401	1,454,911	3,237,572	(813,418)
Total Gross Expenditure	**37,745,032**	**28,168,825**	**26,617,853**	**1,550,972**	**10,852,311**	**37,470,164**	**274,868**
Revenue							
Ontario/Canada Grants	(29,651,406)	(22,219,614)	(22,797,241)	577,627	(6,455,733)	(29,252,974)	(398,432)
Fees & Service Charges	(132,000)	(97,864)	(202,380)	104,516	-	(202,380)	70,380
Other Revenue	(697,067)	(548,257)	(604,017)	55,760	(51,234)	(655,251)	(41,816)
Transfers from Reserves & Reserve Funds	(216,000)	(216,000)	(311,000)	95,000	-	(311,000)	95,000
Total Revenue	**(30,696,473)**	**(23,081,735)**	**(23,914,638)**	**832,903**	**(6,506,967)**	**(30,421,605)**	**(274,868)**
Net Expenditure/(Revenue)	**$ 7,048,559**	**$ 5,087,090**	**$ 2,703,215**	**$ 2,383,875**	**$ 4,345,344**	**$ 7,048,559**	**$ -**

Community Impacts & Achievements

Guided by provincial legislation and guidance documents, including the Health Protection and Promotion Act, Ontario Public Health Standards, Ontario Public Health Organizational Standards, and other legislated and mandated guidance documents, Public Health continues to provide a wide array of programs and services across Niagara. Within these guidance documents, and based on the Provincial Accountability Agreements, we operationalize these services and report on specific metrics to the Board of Health and Ministry of Health and Long Term Care. In addition, we continue to consider need, impact, capacity, and partnerships/collaboration and conduct ongoing service delivery reviews and continuous quality improvement activities.

As previously reported, additional funding has been received from the Local Health Integration Network to enhance mental health services and increase access to psychiatric care for mental health clients in Niagara through the Ontario Telemedicine Network and the Early Invention Program.

As per prior year spending patterns, Public Health expends a larger portion of its overall departmental budget in the second half of the calendar year due to the timing of many programs and will continued this pattern in 2012.

Variance Analysis

The under spending in the Personnel Costs is a result of an increased number of staff leaves and the corresponding time lag created in trying to fill the positions for the leave periods. Competitive supplier bidding in the Vector Borne program and less reliance on purchased services in the 100 per cent programs are contributing to the projected under spending in materials, supplies and purchased services.

As a result of the under spending noted above, Public Health has increased the Interfunctional Operating Charges for services received from the Human Resources and Information Technology divisions in Corporate Services.

Niagara Region Emergency Medical Services (NEMS) - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 29,529,949	$ 22,165,092	$ 22,742,556	$ (577,464)	$ 7,047,095	$ 29,789,651	$ (259,702)
Administrative Expenses	210,150	166,378	132,948	33,430	58,804	191,752	18,398
Materials, Supplies & Utilities	2,092,609	1,561,371	1,326,847	234,524	619,874	1,946,721	145,888
Repairs & Maintenance	644,000	630,038	519,034	111,004	282,754	801,788	42,212
Purch. Serv. & Other Operating Exp.	1,258,456	924,453	726,141	198,312	735,875	1,462,016	(203,560)
Capital Equipment & Renovations	371,000	278,226	441,998	(163,772)	319,317	761,315	(390,315)
Transfers to Reserves & Reserve Funds	1,288,210	966,141	966,141	-	322,069	1,288,210	-
Interfunctional Charges/Recoveries	1,644,817	1,233,585	1,356,673	(123,088)	411,232	1,767,905	(123,088)
Total Gross Expenditure	**37,239,191**	**27,925,284**	**28,212,338**	**(287,054)**	**9,797,020**	**38,009,358**	**(770,167)**
Revenue							
Ontario/Canada Grants	(21,109,077)	(15,783,036)	(16,218,071)	435,035	(5,170,093)	(21,388,164)	279,087
Fees & Service Charges	-	-	(4,179)	4,179	(1,000)	(5,179)	5,179
Other Revenue	(20,000)	(14,994)	(298,901)	283,907	(207,000)	(505,901)	485,901
Total Revenue	**(21,129,077)**	**(15,798,030)**	**(16,521,151)**	**723,121**	**(5,378,093)**	**(21,899,244)**	**770,167**
Net Expenditure/(Revenue)	**$ 16,110,114**	**$ 12,127,254**	**$ 11,691,187**	**$ 436,067**	**$ 4,418,927**	**$ 16,110,114**	**$ -**

Community Impacts & Achievements

The service continues to work towards the council approved number of Advanced Care Paramedics (ACP) during 2012, through Niagara College training program. The service continues to face challenges in maintaining service levels, particularly due to off-load delays. NEMS has been working collaboratively with Niagara Health System (NHS) to attempt to mitigate the impact of health system changes on the service, including weekly meetings. Continued uncertainty related to ongoing Ministry of Health and Long-Term Care (MOHLTC) off-load nurse funding. NEMS anticipates the gradual introduction of new style of ambulance vehicle that is anticipated to lower operational costs and maintenance schedules. Implementation of ATSR (Vehicle AVI) vehicle technology with reduction of fuel consumption and emissions.

Obtained successful re-accreditation from the International Academy of Emergency Medical Dispatch (IAED) Re-accreditation. Preliminary MOHLTC report dispatch review indicates Niagara Ambulance Communications Services (NACS) has a higher compliance rate than other dispatch centers in the province. Continued utilization of innovative dispatch technology to reduce operating costs for response time performance achievement. OMBI benchmarks continue to demonstrate NEMS excellence. Continue to perform better than both the required MOHLTC legislated requirement for response times and council mandated response time performance standards. Finished 2nd in ACP National Paramedic Skills Competition; Ground breaking and Opening of Ft. Erie Station within 12 months (NEMS/NRPS station) Significant reduction of Transfer of Care time at the busiest hospital site (St. Catharines). Continued funding and support from Local Health Integration Network (LHIN) for the OMEGA project.

Variance Analysis

The unfavourable variance in Personnel Costs is due to increase costs related to overtime. These costs will be offset by revenues related to special events. NEMS continues to investigate and implement new equipment technologies in an effort to mitigate workers injuries. Favourable variance related to Materials, Supplies and Utilities is due to better controls over inventory and controlled drugs. Purchase Services unfavourable variance is related to the Offload Nurse Program as costs related to this fiscal program are going to occur later in the year. Capital equipment and renovations is over budget as a result of new power stretchers and vehicle technology installed on the fleet. These new vehicle technologies have integrated safety systems to help manage speeding as well the technology helps to reduces idle times and lower fuel consumption within the fleet. It is important to note that any year end surplus within the Ambulance dispatch program and Offload Nurse Program is returned to the MOHLTC. The increase of other revenue compared to budget is related to unbudgeted revenue from special events, union billings and the First aid / CPR program which is offset by personnel costs.

Integrated Community Planning Department - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 4,530,271	$ 3,401,101	$ 3,570,854	$ (169,753)	$ 1,149,217	$ 4,720,071	$ (189,800)
Administrative Expenses	954,649	628,322	534,232	94,090	524,793	1,059,025	(104,376)
Materials, Supplies & Utilities	447,066	328,541	293,343	35,198	168,869	462,212	(15,146)
Repairs & Maintenance	58,150	43,587	58,514	(14,927)	17,051	75,565	(17,415)
Purch. Serv. & Other Operating Exp.	3,032,922	2,266,740	1,225,729	1,041,011	2,259,693	3,485,422	(452,500)
Financial Expenditures	1,000,000	749,997	593,361	156,636	451,000	1,044,361	(44,361)
Capital Equipment & Renovations	15,915	11,898	20,571	(8,673)	6,055	26,626	(10,711)
Allocations to Capital Program	-	-	(921)	921	-	(921)	921
Interfunctional Charges/Recoveries	(795,504)	(596,610)	(695,737)	99,127	(198,894)	(894,631)	99,127
Total Gross Expenditure	**9,243,469**	**6,833,576**	**5,599,946**	**1,233,630**	**4,377,784**	**9,977,730**	**(734,261)**
Revenue							
Ontario/Canada Grants	(1,653,875)	(909,429)	(1,174,635)	265,206	(482,863)	(1,657,498)	3,623
Fees & Service Charges	(85,056)	(63,783)	(33,594)	(30,189)	(23,000)	(56,594)	(28,462)
Other Revenue	(161,000)	(124,910)	(108,144)	(16,766)	(25,000)	(133,144)	(27,856)
Transfers from Reserves & Reserve Funds	(506,582)	(406,007)	(1,472,298)	1,066,291	(100,575)	(1,572,873)	1,066,291
Total Revenue	**(2,406,513)**	**(1,504,129)**	**(2,788,671)**	**1,284,542**	**(631,438)**	**(3,420,109)**	**1,013,596**
Net Expenditure/(Revenue)	**$ 6,836,956**	**$ 5,329,447**	**$ 2,811,275**	**$ 2,518,172**	**$ 3,746,346**	**$ 6,557,621**	**$ 279,335**

Integrated Community Planning Department - Statement of Operations (cont'd)

Community Impacts & Achievements

Mission - Integrated Community Planning (ICP) supports effective decision-making based on meaningful engagement, research, planning and focused actions to deliver responsible public policy, resulting in good governance for Niagara. Our mission reflects our role which is to support the achievement of Council Business Plan Objectives.

Achievements to date for 2012 include:

- Successful completion of many of the Cultural Capital of Canada projects
- 10 Official Plans reviewed and approved
- Leadership in implementing the approved economic development model
- Adoption and implementation of a new Development Charges By-law
- Endorsement of the Gateway Economic Zone and Centre Community Improvement Plan (CIP) with local adoption in progress
- Settlement for appeals of Regional Policy Plan Amendment 2-2009
- Completion of the Sustainable Niagara Plan
- Provision of legislative support to Council and various Advisory Committees
- Providing accessibility services in compliance with Accessibility for Ontarians Disability Act (AODA) legislation
- In-house savings and efficiencies through creative services and coloured printing capabilities
- Supporting brand awareness through production of various corporate publications, supporting community engagement activities, responding to crisis through emergency preparedness and crisis communications services
- Community Budget Engagement, and Lakefront Enhancement Strategy are moving forward
- 731 Elementary students received "Be Disaster Ready" training in partnership with Children's Safety Village

See department work plan ICP 1-2012 for more detail.

Variance Analysis

ICP 3rd Quarter favourable variance of $2.52 million relates primarily to the timing of reserve funding and grant revenue received for initiatives such as the Cultural Capital of Canada in advance of related expenditures, which will be incurred over the remainder of the year. Also contributing to the year to date variance is a 2011 encumbrance relating to Cultural Capital funding for which the related expenditures have also yet to be incurred.

Overall forecasted expenditures to the end of 2012 are anticipated to result in a projected year end surplus of $279,000. The favourable variance in transfers from reserves is offset by the unfavourable variances in purchased services and financial expenditures and relate to the 2011 encumbered projects identified above that are being completed throughout 2012. Approximately $200,000 of the estimated surplus is related to unutilized Gateway CIP funding. It has been proposed to fund Gateway Tax Increment based incentive programs in the 2013 budget. The remainder of the surplus relates to gapping resulting from vacant positions, primarily in the Clerk's office.

Niagara Regional Housing (NRH) - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 3,863,711	$ 2,863,788	$ 2,754,300	$ 109,488	$ 1,099,411	$ 3,853,711	$ 10,000
Administrative Expenses	237,224	157,396	132,237	25,159	84,350	216,587	20,637
Materials, Supplies & Utilities	5,074,352	3,255,115	2,869,511	385,604	1,982,013	4,851,524	222,828
Repairs & Maintenance	3,600,143	2,589,295	2,490,252	99,043	1,379,140	3,869,392	(269,249)
Purch. Serv. & Other Operating Exp.	4,459,647	3,632,191	4,065,399	(433,208)	665,310	4,730,709	(271,062)
Financial Expenditures	2,967,338	2,221,359	2,310,264	(88,905)	602,601	2,912,865	54,473
Capital Equipment & Renovations	30,000	16,497	10,515	5,982	19,485	30,000	-
NRH Housing Provider Subsidy & Supplemen	26,618,221	19,963,638	19,965,052	(1,414)	6,579,555	26,544,607	73,614
Transfers to Reserves & Reserve Funds	476,424	298,926	298,926	-	222,495	521,421	(44,997)
Debt Allocation	1,240,088	1,154,111	1,112,629	41,482	85,977	1,198,606	41,482
Interfunctional Charges/Recoveries	956,013	716,994	739,634	(22,640)	239,019	978,653	(22,640)
Total Gross Expenditure	**49,523,161**	**36,869,310**	**36,748,719**	**120,591**	**12,959,356**	**49,708,075**	**(184,914)**
Revenue							
Ontario/Canada Grants	-	-	(75,514)	75,514	-	(75,514)	75,514
Other Revenue	(22,134,483)	(16,572,789)	(17,047,647)	474,858	(5,477,015)	(22,524,662)	390,179
Transfers from Reserves & Reserve Funds	(755,000)	(552,498)	(709,722)	157,224	(27,499)	(737,221)	(17,779)
Total Revenue	**(22,889,483)**	**(17,125,287)**	**(17,832,883)**	**707,596**	**(5,504,514)**	**(23,337,397)**	**447,914**
Net Expenditure/(Revenue)	**$ 26,633,678**	**$ 19,744,023**	**$ 18,915,836**	**$ 828,187**	**$ 7,454,842**	**$ 26,370,678**	**$ 263,000**

Niagara Regional Housing (NRH) - Statement of Operations (cont'd)

Community Impacts & Achievements

NRH is responsible for direct ownership and management of an affordable housing rental portfolio; the provision of legislated subsidies to providers; the management of the waiting list; and the delivery of any federal/provincial programs.

Owned Units

NRH provides property and asset management services for a portfolio of 2,694 units including 35 apartment buildings and over 900 townhouses/houses. These units are home to over 6,500 people. This portfolio represents 35 per cent of the operating budget for building related expenses – maintenance, taxes, utilities etc. Over 2,400 work orders for repairs to the units were issued this quarter. An amount that is consistent with previous quarters.

Rental Subsidy Programs – Housing Providers and Rent Supplement

Through rental subsidy programs with private landlords and non-profit/co-operative housing providers an additional 5,000 units of affordable housing are available. The subsidies which account for 54 per cent of the operating budget are calculated based on legislative requirements.

Affordable Housing Waiting List

NRH maintains the affordable housing waiting list for the region. The demand for housing continues to increase with 6 per cent increase over this time last year. At the end of third quarter, 10,937 people were waiting for permanent subsidized accommodation while 149 received housing.

Variance Analysis

NRH is predicting a year end surplus of $263,000. Favourable weather conditions both last winter and over the summer have resulted in considerable energy savings of approximately $211,130. This combined with higher rental revenue and savings in personnel costs and administrative expenses have offset over expenditures projected in other accounts.
NRH is forecasting to return $220,000 to the NRH Rent Supplements reserve in the fourth quarter as the funds are not expected to be needed as originally budgeted.

Provincial Offenses Act (POA) - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 1,882,013	$ 1,411,461	$ 1,450,323	$ (38,862)	$ 448,390	$ 1,898,713	$ (16,700)
Administrative Expenses	38,084	28,503	30,891	(2,388)	6,828.00	37,719	365
Materials, Supplies & Utilities	108,867	81,630	86,244	(4,614)	19,174.00	105,418	3,449
Purch. Serv. & Other Operating Exp.	3,768,919	2,826,594	2,694,668	131,926	1,325,547.00	4,020,215	(251,296)
Financial Expenditures	120,000	90,000	52,524	37,476	35,476.00	88,000	32,000
Capital Equipment & Renovations	34,620	25,947	17,467	8,480	18,592.00	36,059	(1,439)
Transfers to Reserves & Reserve Funds	1,500,000	1,125,000	1,125,000	-	375,000	1,500,000	-
Interfunctional Charges/Recoveries	623,546	467,640	463,832	3,808	155,906	619,738	3,808
Total Gross Expenditure	**8,076,049**	**6,056,775**	**5,920,949**	**135,826**	**2,384,913**	**8,305,862**	**(229,813)**
Revenue							
Other Revenue	(9,076,049)	(6,807,033)	(7,006,353)	199,320	(2,341,545)	(9,347,898)	271,849
Total Revenue	**(9,076,049)**	**(6,807,033)**	**(7,006,353)**	**199,320**	**(2,341,545)**	**(9,347,898)**	**271,849**
Net Expenditure/(Revenue)	**$ (1,000,000)**	**$ (750,258)**	**$ (1,085,404)**	**$ 335,146**	**$ 43,368**	**$ (1,042,036)**	**$ 42,036**

Provincial Offenses Act (POA) - Statement of Operations (cont'd)

Community Impacts & Achievements

There have been a number of significant projects and initiatives undertaken in POA in the first three quarters of 2012. All of the major service indicators continue to fluctuate year-to-date compared to the same time period in 2011. This includes:

- Counter visits - 3.4 per cent increase
- Charges filed - 19.4 per cent decrease
- Trial requests - 33.1 per cent decrease
- Courtroom utilization - 5.4 per cent increase
- Re-openings - 27.7 per cent increase
- Extensions - 7.4 per cent increase
- Payments received - 0.6 per cent increase

At the end of the third quarter, trials were being scheduled for May/June of 2013, an eight to nine month scheduling delay. 162.5 extra courts were scheduled in the first nine months of 2012. The implementation of 'Early Resolution' continues to contribute to the decrease in trial requests. A total of 2,734 Early Resolution meetings have been held, with 72.49 per cent resolved.

Council gave direction for two new POA court facilities to be located in Welland and St. Catharines. Ongoing work is being performed to define POA requirements for the new facilities.

Variance Analysis

Operating expenditures are a direct result of changing demands for service placed on the court system arising from:

- Increased use of labour pool staff to assist in providing service to the public
- Increased use of per diem prosecutors to cover staffing shortages
- Implementation of centralization of disclosure, and introduction of centralized prosecution unit
- An increase in payments made to the Province and Municipal partners
- Pressure on salaries due to the retirement of the Associate Director and hiring of new Associate Director, as well as back-fill for staff leaves

Notwithstanding the increase in operating expenditures, staff anticipates a small revenue surplus at year-end, over and above the $1.5 million transfer to the reserve fund, the $1 million to area municipalities and $1 million to the Region.

Niagara Regional Police Services & Board (NRPS) - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 120,224,768	$ 88,841,820	$ 90,949,743	$ (2,107,923)	$ 30,825,025	$ 121,774,768	$ (1,550,000)
Administrative Expenses	1,734,538	1,301,757	982,264	319,493	598,572	1,580,836	153,702
Materials, Supplies & Utilities	4,890,309	3,668,617	3,467,869	200,748	1,562,583	5,030,452	(140,143)
Repairs & Maintenance	2,194,682	1,675,122	1,502,326	172,796	692,356	2,194,682	-
Purch. Serv. & Other Operating Exp.	3,349,291	2,517,981	2,107,018	410,963	1,152,273	3,259,291	90,000
Financial Expenditures	4,000	2,997	3,869	(872)	350,131	354,000	(350,000)
Capital Equipment & Renovations	547,090	410,319	319,998	90,321	227,092	547,090	-
Transfers to Reserves & Reserve Funds	3,825,000	3,825,000	3,937,332	(112,332)	100,000	4,037,332	(212,332)
Allocations to Capital Program	-	-	(1,964)	1,964	-	(1,964)	1,964
Interfunctional Operating Recoveries	3,207,163	2,405,322	2,440,988	(35,666)	801,841	3,242,829	(35,666)
Total Gross Expenditure	**139,976,841**	**104,648,935**	**105,709,443**	**(1,060,508)**	**36,309,873**	**142,019,316**	**(2,042,475)**
Revenue							
Ontario/Canada Grants	(4,576,293)	(3,441,006)	(3,906,876)	465,870	(1,121,892)	(5,028,768)	452,475
Fees & Service Charges	(6,675,425)	(5,006,575)	(5,433,901)	427,326	(1,731,524)	(7,165,425)	490,000
Other Revenue	(1,495,865)	(1,194,387)	(1,496,628)	302,241	(199,237)	(1,695,865)	200,000
Transfers from Reserves & Reserve Funds	(320,000)	(320,000)	(320,000)	-	(900,000)	(1,220,000)	900,000
Total Revenue	**(13,067,583)**	**(9,961,968)**	**(11,157,405)**	**1,195,437**	**(3,952,653)**	**(15,110,058)**	**2,042,475**
Net Expenditure/(Revenue)	**$ 126,909,258**	**$ 94,686,967**	**$ 94,552,038**	**$ 134,929**	**$ 32,357,220**	**$ 126,909,258**	**$ -**

Community Impacts & Achievements

Full details are available in the Service Report to the Police Service Board (PSB) received by the Board on October 25, 2012. A copy has been submitted to the Region. The year to date actuals presented in the PSB Report show minor variances from the Regional information. This is a result of Regional transactions posted subsequent to the NRPS required month end close deadline.

Variance Analysis

As of September 30, 2012, total Gross Expenditures were $2 million more than budget. This is mainly due to additional retirement and sick leave payouts, an overtime deficit, additional special equipment purchases required as part of additional provincial grants received, and additional allowances in financial expenditures. The year end forecast includes the recognition of the $2 million in unbudgeted revenues. The detailed variance analysis and forecast have been prepared based on the results of operations at September 30, 2012. In the forecast the Service has recognized a number of expected year end variances and expected recommendations including additional net transfers from reserves of $800,000 to offset increased gross expenditures. Approval of which reserve funds the additional transfers will occur from has not yet taken place and is expected to be reviewed at year end.

Economic Development & Niagara Economic Development Corporation (NEDC) Grant

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ -	$ -	$ 49,697	$ (49,697)	$ 133,760	$ 183,457	$ (183,457)
Administrative Expenses	-	-	16,482	(16,482)	15,250	31,732	(31,732)
Materials, Supplies & Utilities	-	-	2,317	(2,317)	2,350	4,667	(4,667)
Purch. Serv. & Other Operating Exp.	1,703,377	1,277,529	211,782	1,065,747	1,016,281	1,228,063	475,314
Financial Expenditures	-	-	-	-	122,000	122,000	(122,000)
Interfunctional Charges/Recoveries	-	-	2,071	(2,071)	-	2,071	(2,071)
Total Gross Expenditure	**1,703,377**	**1,277,529**	**282,349**	**995,180**	**1,289,641**	**1,571,990**	**131,387**
Net Expenditure/(Revenue)	**$ 1,703,377**	**$ 1,277,529**	**$ 282,349**	**$ 995,180**	**$ 1,289,641**	**$ 1,571,990**	**$ 131,387**

Community Impacts & Achievements

2012 has been a transition year, as the function of economic development is moved from the arms-length Niagara Economic Development Corporation(NEDC) to a department within Niagara Region. A new Director was brought on board in Q3 and staffing is underway and will be completed early in Q4, ultimately resulting in a staff contingent of six FTE. The 2012 budget reflected expected costs to undertake economic development activities throughout the transition period, and these costs have been incurred both in NEDC and the Region.

Variance Analysis

In 2012, the economic development function is transitioning from the NEDC agency, a separate corporation that has historically received funding from the Niagara Region, to a department within the Niagara Region. A formal plan of execution is well underway and full ongoing financial impacts have been incorporated into the 2013 budget. As of January 1, 2013 it is expected that the full finances of the economic development function will be operating within the new department.

In 2012, costs are being incurred in both NEDC and the Region as the transition is executed. The above summary shows that we expect to realize a surplus of $131,387 from the combined full operation of the economic development function in 2012. This surplus is mainly a result of position gapping and timing to get new programs operational. At September 30, 2012 approximately $0.7 million in grant funding will be required to fund net expenditures that have been incurred by the NEDC agency and to facilitate the wind-up of the agency. This has been included in the purchased services and other operating expenses line above. The remaining $0.9 million in total forecasted spending for the function was incurred by the new economic development department within the Niagara Region under its new mandate.

Niagara Peninsula Conservation Authority (NPCA) Grant

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Purch. Serv. & Other Operating Exp.	$ -	$ -	$ 252	$ (252)	$ (252)	$ -	$ -
Financial Expenditures	6,857,104	6,857,104	6,857,104	-	-	6,857,104	-
Total Gross Expenditure	**6,857,104**	**6,857,104**	**6,857,356**	**(252)**	**(252)**	**6,857,104**	**-**
Revenue							
Transfers from Reserves & Reserve Funds	(300,000)	(300,000)	(300,000)	-	-	(300,000)	-
Total Revenue	**(300,000)**	**(300,000)**	**(300,000)**	**-**	**-**	**(300,000)**	**-**
Net Expenditure/(Revenue)	**$ 6,557,104**	**$ 6,557,104**	**$ 6,557,356**	**$ (252)**	**$ (252)**	**$ 6,557,104**	**$ -**

Community Impacts & Achievements

NPCA is a separate corporation that receives funding from the Niagara Region. The above summary show the grant the Niagara Region provides the NPCA and not their operating results.

Variance Analysis

Year to date NPCA has received 100 per cent of their annual funding.

In 2012, NPCA requested $300,000 in funding for water related activities and this was provided through the water reserves.

Special Initiatives/Joint Initiatives - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Financial Expenditures	$ 103,000	$ 85,000	$ 15,425,000	$ (15,340,000)	$ -	$ 15,425,000	$ (15,322,000)
Transfers to Reserves & Reserve Funds	796,750	796,750	796,750	-	-	796,750	-
Total Gross Expenditure	**899,750**	**881,750**	**16,221,750**	**(15,340,000)**	**-**	**16,221,750**	**(15,322,000)**
Revenue							
Transfers from Reserves & Reserve Funds	-	-	(15,370,000)	15,370,000	-	(15,370,000)	15,370,000
Total Revenue	**-**	**-**	**(15,370,000)**	**15,370,000**	**-**	**(15,370,000)**	**15,370,000**
Net Expenditure/(Revenue)	**$ 899,750**	**$ 881,750**	**$ 851,750**	**$ 30,000**	**$ -**	**$ 851,750**	**$ 48,000**

Community Impacts & Achievements

The Region has contributed $15,440,000 to special initiatives in 2012 ($15,370,000 for the Cancer Centre and $70,000 for the 2015 Pan Am Games). As per CSD 146-2011, the Cancer Centre contribution which was originally expected to occur at a rate of $1 million per year for thirty years was fully paid in 2012 at the present value dollar amount. The early payment amount was internally financed by running a deficit in the Niagara Region's operating fund that will be replenished through the levy in future years. Since there are sufficient funds from other sources, primarily reserves, there are no operational impacts to maintaining a deficit balance in operating fund. Early payment of this commitment will allow the Region to only contribute $796,750 to replenish the operating fund each year, thereby saving $203,250 annually on the levy.

The annual $70,000 allocated to PanAm Games was approved by Council through the 2012 budget approval and is expected to continue at the same funding level through to 2015. The remaining $18,000 relates to co-op student funding that is part of Council's youth retention strategy.

Variance Analysis

Budget funds were earmarked for an additional annual contribution to the Pan Am Games each year, but are not anticipated to be required until possibly 2015. This results in a projected surplus for 2012.

General Government - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Oct to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 1,009,958	$ 798,246	$ 744,534	$ 53,712	$ (358,672)	$ 385,862	$ 624,096
Administrative Expenses	114,605	91,436	99,954	(8,518)	16,180	116,134	(1,529)
Materials, Supplies & Utilities	-	-	35,611	(35,611)	1,400	37,011	(37,011)
Repairs & Maintenance	40,000	29,997	10,662	19,335	39,000.00	49,662	(9,662)
Purch. Serv. & Other Operating Exp.	6,118,113	4,584,087	4,503,933	80,154	1,548,450	6,052,383	65,730
Financial Expenditures	46,422,844	37,696,076	38,081,601	(385,525)	13,479,142	51,560,743	(5,137,899)
Capital Equipment & Renovations	-	-	6,636	(6,636)	-	6,636	(6,636)
Transfers to Reserves & Reserve Funds	17,709,642	16,709,642	18,654,020	(1,944,378)	2,140,000	20,794,020	(3,084,378)
Allocations to Capital Program	-	-	(50)	50	-	(50)	50
Debt Allocation	(12,907,593)	(10,979,310)	(10,937,828)	(41,482)	(1,928,283)	(12,866,111)	(41,482)
Interfunctional Operating Recoveries	1,034,845	776,172	711,157	65,015	258,712	969,869	64,976
Total Gross Expenditure	**59,542,414**	**49,706,346**	**51,910,230**	**(2,203,884)**	**15,195,929**	**67,106,159**	**(7,563,745)**
Revenue							
Taxation - Levy	(311,499,180)	(219,562,805)	(219,927,808)	365,003	(91,739,209)	(311,667,017)	167,837
Ontario/Canada Grants	(1,599,270)	(1,167,318)	(1,171,572)	4,254	(432,698)	(1,604,270)	5,000
Fees & Service Charges	-	-	(17,799)	17,799	-	(17,799)	17,799
Other Revenue	(12,488,500)	(9,626,677)	(12,578,234)	2,951,557	(3,617,500)	(16,195,734)	3,707,234
Transfers from Reserves & Reserve Funds	(5,001,664)	(4,895,417)	(5,398,367)	502,950	(752,506)	(6,150,873)	1,149,209
Total Revenue	**(330,588,614)**	**(235,252,217)**	**(239,093,780)**	**3,841,563**	**(96,541,913)**	**(335,635,693)**	**5,047,079**
Net Expenditure/(Revenue)	**$ (271,046,200)**	**$ (185,545,871)**	**$ (187,183,550)**	**$ 1,637,679**	**$ (81,345,984)**	**$ (268,529,534)**	**$ (2,516,666)**

General Government - Statement of Operations (con't)

Community Impacts & Achievements

Certain risks associated in General Government include:

- Legal Liability could fluctuate at year-end depending on claims status.
- Line of sight on write-offs and supplemental taxes is limited as it is not provided by the local area municipalities until year-end. Currently forecasted as budgeted.

Variance Analysis

The majority of the unfavourable year to date variance is a result of a known tax assessment appeal which is included in financial expenditures line. The increased other revenue is mainly a result of additional investment income (see investment report for further details on page 43). The unfavourable variance on transfers to reserves of approximately $3.1 million is a result of investment activity that exceeded budget per the investment policy. This includes supported transfers to the investment income stabilization reserve ($1.3 million), and a revised estimate of the amount interest to be allocated to reserves in 2012 (additional $1 million transfer to reserves; total $2 million transfer forecasted). This is offset by the favourable variance in the transfers from reserves of $1.2 million related to the 2012 use of the investment income stabilization reserve ($0.77 million) and the benefit received through internal financing and early payment of the hospital contribution ($0.5 million). A revised methodology on the interest allocation to reserves along with a reserve and reserve fund policy will be prepared for consideration at the Corporate Services Committing in early 2013.

In 2012, the Responsive Region Improvement Team had planned to spend $0.2 million in consulting costs which was to be funded from the Improvement Initiatives reserve. RRIT currently does not anticipate it will require all those funds and as such are forecasting to return $0.12 million to the reserve.

The $0.64 million favourable variance in personnel costs is a result of an a refund received from our benefits provider.

Other than the tax assessment reduction costs noted above, financial expenditures are in line with budget but are impacted by a favourable variance as a result of the timing of processing of debt related charges. The 2012 budget did not consider the impact of interest accruals. This impact has been factored into the financial expenditures forecast above and is included in the 2013 budget.

Reserve Summary

Description	Balances at December 31, 2011	Year to Date Net Transfers from/(to) Operating (Jan-Sep)	Year to Date Capital Transfers	Balances at September 30, 2012	Net Transfers Forecast from/(to) Operating (Oct-Dec)	Capital Commitments *	Forecast Balance at December 31, 2012
Ambulance Communication	$ 1,947,261		$ (115,000)	$ 1,832,261			$ 1,832,261
Chemical, Biological, Radiological, Nuclear (CBRN)							
Emergency Response Team	201,938	37,494		239,432	12,506	(200,000)	51,938
Ambulance Replacement	348,682	566,244	(725,000)	189,926	188,756		378,682
New Affordable Housing Development Initiative	9,437,690			9,437,690			9,437,690
Fleet Equipment Replacement	6,371,133	1,269,990	(2,204,296)	5,436,828	423,340		5,860,168
Police Equipment Replacement	212,591	1,600,000	(1,620,000)	192,591			192,591
Welland Canal Crossings	141,695			141,695			141,695
NRH Owned Units	3,672,273	271,425	(2,039,549)	1,904,149	72,151		1,976,300
PW Field Admin. Equip. Replacement	99,752	100,000	(195,000)	4,752			4,752
Senior Services Capital	2,870,492	308,807	(947,100)	2,232,199	103,783		2,335,982
Public Health	538,742	(311,000)		227,742			227,742
Police Emergency Preparedness	50,000			50,000			50,000
Fire Co-ordinator	89,019	9,855		98,874	3,288		102,162
Community Services Buildings	87,282			87,282			87,282
POA Facility Renewal	1,694,058	1,125,000	(500,000)	2,319,058	375,000		2,694,058
Police Capital Levy	1,112,703	1,200,000	(1,125,773)	1,186,930		(150,000)	1,036,930
General Capital Levy	7,705,196	14,088,073	(17,368,444)	4,424,825	545,876	(1,540,000)	3,430,701
Public Health Vehicles & Equipment	366,040			366,040			366,040
Police Ontario Police Video Training Alliance Reserve	31,250			31,250			31,250
Specialized Transit Equipment	286,195			286,195			286,195
Total Levy Supported Capital	**37,263,994**	**20,255,888**	**(26,840,162)**	**30,689,720**	**1,724,700**	**(1,890,000)**	**30,524,420**
NRH Rent Supplement	890,115	(524,997)		365,118	44,997		410,115
Investment Income Stabilization	1,003,287	1,329,378		2,332,665	(765,347)		1,567,318
Social Assistance	8,489,459	(703,395)		7,786,064	703,395		8,489,459
Children's Services	700,341			700,341			700,341
Health Unit Wallington	44,778			44,778			44,778
Year End Transfer	2,836,664	(2,836,664)		-			-
Police Contingency	436,029			436,029	(250,000) **		186,029
Contingency	7,143,725	2,086,545		9,230,270	(67,003)		9,163,267
Improvement Initiatives	497,149	75,822		572,971	9,359		582,330
Police Services Board Contingency	130,154	(70,000)		60,154			60,154
Taxpayer Relief	5,174,900	(1,725,000)		3,449,900			3,449,900
Total Stabilization Reserves	**27,346,601**	**(2,368,311)**	**-**	**24,978,290**	**(324,599)**	**-**	**24,653,691**

* Capital commitments represent previously approved capital budget items that have not yet been initiated.

** The Police are forecasting a net reserve transfer of $800,000 to offset their expected deficit. This has been forecasted against the police contingency and police accumulated sick reserve for the purpose of this report, however final decision of which reserve the funds are to come from is yet to be determined or approved.

Note: Reserve balances above do not include any transfers that may occur as a result of 2012 surplus/deficit identified throughout this booklet.

Reserve Summary (cont'd)

Description	Balances at December 31, 2011	Year to Date Net Transfers from/(to) Operating (Jan-Sep)	Year to Date Capital Transfers	Balances at September 30, 2012	Net Transfers Forecast from/(to) Operating (Oct-Dec)	Capital Commitments *	Forecast Balance at December 31, 2012
Police Accumulated Sick	4,526,341	(250,000)		4,276,341	(550,000) **		3,726,341
Regional OMERS	13,052			13,052			13,052
Future Benefit Cost	2,355,449			2,355,449			2,355,449
WSIB	14,123,030	(26,280)		14,096,750	(8,770)		14,087,980
Accumulated Sick Leave	2,984,434	(168,750)		2,815,684	(56,250)		2,759,434
Unrecorded Liabilities Public Sector Accounting Board	6,779,192			6,779,192			6,779,192
Employee future benefits - NRH	803,974			803,974			803,974
Police Future Benefits	1,115,738	912,332		2,028,070			2,028,070
Police WSIB	2,219,590	225,000		2,444,590			2,444,590
Sub-total Employee Benefit Liabilities ***	34,920,800	692,302	-	35,613,102	(615,020)	-	34,998,082
Tax Write off Stabilization	5,000,000			5,000,000			5,000,000
Self Insurance	2,513,784			2,513,784	(15,600)		2,498,184
Land Ambulance Severance	4,211,266	302,673		4,513,939	117,519		4,631,458
Total Liabilities	**46,645,850**	**994,975**	-	**47,640,825**	**(513,101)**	-	**47,127,724**
Niagara College Commitment	85,000			85,000			85,000
Circle Route Initiatives	1,482,681			1,482,681			1,482,681
Corporate Employee Recognition Team (CERT)	411,059	(35,133)		375,926	(6,717)		369,209
Encumbrance	2,654,811	(2,654,811)		-			-
Hospital Contributions	1,000,000	(15,076,200)		(14,076,200)			(14,076,200)
Smart Growth	1,754,896	(52,749)		1,702,147	(17,593)		1,684,554
Total Regional Commitments	**7,388,447**	**(17,818,893)**	-	**(10,430,446)**	**(24,310)**	-	**(10,454,756)**
Sewage Operations Capital Works	48,263,653	14,084,343	(15,759,655)	46,588,341	4,819,789		51,408,130
Water Operations Capital Works	64,374,944	14,657,049	(14,934,094)	64,097,899	5,010,692		69,108,591
Waste Management	15,770,260	586,440	(5,338,870)	11,017,830	195,490		11,213,320
Total Rate Supported Capital	**128,408,856**	**29,327,832**	**(36,032,618)**	**121,704,070**	**10,025,971**	-	**131,730,041**
Interest allocation to Reserves	-		-		2,000,000		-
Total (Excluding Deferred Revenues)	**$ 247,053,748**	**$ 30,401,491**	**$ (62,872,781)**	**$ 214,582,459**	**$ 12,888,661**	**$ (1,890,000)**	**$ 223,581,120**

* Capital commitments represent previously approved capital budget items that have not yet been initiated.

** The Police are forecasting a net reserve transfer of $800,000 to offset their expected deficit. This has been forecasted against the police contingency and police accumulated sick reserve for the purpose of this report, however final decision of which reserve the funds are to come from is yet to be determined or approved.

*** Based on a draft actuarial report, the employee future benefit liabilities (including vacation and lieu liabilities) are forecasted to have a balance of $86.8 million (Reserves = $35.0 million) at December 31, 2012.

Note: Reserve balances above do not include any transfers that may occur as a result of 2012 surplus/deficit identified throughout this booklet.

Deferred Revenues (Development Charges & Gas Tax Reserve Funds)

Description	Balances at December 31, 2011	Year to Date Net Transfers from/(to) Operating (Jan-Sep)	Year to Date Capital Transfers	Balances at September 30, 2012	Net Transfers Forecast from/(to) Operating (Oct-Dec)	Capital Commitments *	Balance Available at September 30, 2012
Development Charges-General Government	$ 436,805	$ (50,267)		$ 386,538	$ 40,962		$ 427,500
Development Charges-Public Works	187,951		(187,951)				-
Development Charges-Police Services	1,027,353	107,177	(1,089,506)	45,024	84,317		129,341
Development Charges-Roads	15,731,856	3,321,299		19,053,156	2,375,239	(19,682,945)	1,745,449
Development Charges-Sewer	7,524,259	2,357,591		9,881,850	1,743,488	(7,680,566)	3,944,771
Development Charges-Water	10,956,929	1,001,379		11,958,308	558,815	(1,398,177)	11,118,945
Development Charges-Emergency Medical	130,007	102		130,109	9,898		140,007
Federal Gas Tax	14,140,103	6,555,570	(11,290,631)	9,405,042	6,544,430	(13,738,095)	2,211,377
Total	**$ 50,135,263**	**$ 13,292,852**	**$ (12,568,088)**	**$ 50,860,027**	**$ 11,357,148**	**$ (42,499,784)**	**$ 19,717,391**

* The capital commitments included represent all approved capital project expenditures budgeted to be funded by development charges and/or federal gas tax.
Each quarter and/or yearend a review of the status of the respective capital projects is completed and revenue earned is transferred from the deferred revenue account to the capital project.

Development Charge Revenues

	2011 Actuals		2012 Jan - June*	
Gross Development Charge Revenues	20,076,316		8,762,188	
Less: Non-discretionary exemptions	(1,379,903)	6.9%	(1,470,924)	16.8%
	18,696,413		7,291,264	
Less: Discretionary exemptions (Forgone Revenue)	(8,627,524)	43.0%	(2,671,446)	30.5%
Net Development Charges Revenues **	10,068,889	50.2%	4,619,818	52.7%

* At the time of preparation of this report the Development Charge system module was being revised for Regional Development Charge By-Law No. 62-2012 that came into force September 1, 2012. As such, quarterly numbers are unavailable. Final numbers will be presented in the yearend update.
** Development charge revenues are deposited to the reserve funds above.

Capital Summary

The Corporate Services department develops the Capital Affordability Strategy, the Capital Financing Strategy and Capital Budget guidelines, in co-ordination with departments and boards input and in conjunction with Council objectives and Corporate Policies. The Corporate Services department prepares the consolidated capital budget and forecast based on the requests of departments and boards, co-ordinates capital initiations, financing, close out approvals and reporting, supports tangible capital asset accounting in accordance with the Capital Asset Management Policy and reports on the consolidated activity of the capital program.

The capital budget represents priority projects as determined by the departments and boards, and approved by Council. When capital budgets have been approved, projects are initiated. Project managers within the departments and boards administer the projects and maintain the related tangible capital asset information. Project managers are accountable for monitoring the capital projects within the capital program and taking corrective action when necessary including both reporting on significant variances as well as taking part in the capital close out process.

Capital Project Summary

Illustrated below is the total capital budget currently being managed by the Niagara Region of $735 million, representing 701 projects, total capital spending to date of $370.7 million and budget remaining of $364.2 million. This chart represents, in aggregate, all currently active and uninitiated projects managed by the Niagara Region. Cashflow expenditures of the budget remaining have been forecasted based on departmental input.

Capital project detail for 64 projects with remaining budgets greater than $1M is discussed on subsequent pages.

There are 637 various department projects with remaining budgets less than $1 million.

Departments and Boards	Total Budget	Project-to-date Actuals	Budget Remaining	Forecasted Cashflows 2012 - Q4	Forecasted Cashflows Beyond 2012
Projects with remaining budgets >$1M					
Community Services	8,150,000	4,704,516	3,445,484	2,000,000	1,445,484
Corporate Services	10,900,000	22,385	10,877,615	600,000	10,277,615
Niagara Regional Housing	16,639,231	3,202,066	13,437,165	4,881,415	8,555,750
Niagara Regional Police Services Board	97,856,977	13,723,348	84,133,629	1,437,173	82,696,456
Public Health	1,565,000	32,346	1,532,654	100,000	1,432,654
Public Works - Levy	86,118,497	26,800,163	59,318,334	23,180,000	37,558,063
Waste Management	8,046,532	1,373,624	6,672,908	425,000	6,247,908
Wastewater	58,770,390	9,791,569	48,978,821	6,118,000	42,860,821
Water Works	47,305,903	5,927,892	41,378,011	3,341,000	38,037,011
	335,352,530	65,577,909	269,774,621	42,082,588	229,111,762
Projects with remaining budgets <$1M	399,608,401	305,148,589	94,459,812	18,798,178	75,661,634
Grand Total	**734,960,931**	**370,726,498**	**364,234,433**	**60,880,766**	**304,773,396**

Spending on these projects to date represents 76.4 percent of the capital budget on these projects.

This cashflow forecast was derived using assumptions and estimates based on information available to management at the time of writing this quarterly financial update. Readers of this report are cautioned that actual cashflows may vary from the forecast information presented.

Capital Project Detail

In addition to the capital project summary, a detailed analysis of capital projects with budgets remaining greater than $1 million (as provided by departments) is presented below. There are a total of 64 projects totaling $335.4 million of approved capital budget. Project spending to date on these projects amounts to $65.6 million, representing 19.6 per cent of the capital budget on these projects.

Cashflow forecasts have been provided by Project Managers within their respective departments. It should be noted that the Niagara Regional Police Services Board (NRPS) Long Term Accommodations (LTA) project is included in this analysis. Excluding the NRPS LTA projects, spending for those projects with remaining budget greater than $1 million, as a percentage of their overall budget would amount to 23.8 percent.

This cashflow forecast was derived using assumptions and estimates based on information available to management at the time of writing this quarterly financial update. Readers of this report are cautioned that actual cashflows may vary from the forecast information presented. It is likely that variances representing surplus/deficits will occur upon project completion. Surpluses will be closed out through future project closeout reports. Deficits will be addressed through individual reports to Council (via capital variance reserve) or through future closeout reports.

Projects with remaining budgets greater than $1million

Departments and Boards Project Description	Total Budget	Project-to-date Actuals	Budget Remaining	Forecasted Cashflows 2012 - Q4	 Beyond 2012	Est. Year of Completion
Community Services						
Deer Park Villa Renovations	**8,150,000**	**4,704,516**	**3,445,484**	**2,000,000**	**1,445,484**	**2013**
Corporate Services						
Construction EMS Bldgs	2,500,000	20	2,499,980	-	2,499,980	2014
Council Chambers Renovations	2,000,000	21,668	1,978,332	100,000	1,878,332	2014
IT Server Building	3,400,000	697	3,399,303	-	3,399,303	2014
Public Health Facilities	3,000,000	-	3,000,000	500,000	2,500,000	2013
	10,900,000	**22,385**	**10,877,615**	**600,000**	**10,277,615**	
Niagara Regional Housing						
Fitch Street	9,982,623	329,515	9,653,108	2,170,485	7,482,623	2013
NRH - Community Remediation	4,500,000	2,045,481	2,454,519	1,631,392	823,127	2013
NRH - Units Capital	2,156,608	827,070	1,329,538	1,079,538	250,000	2013
	16,639,231	**3,202,066**	**13,437,165**	**4,881,415**	**8,555,750**	

Capital Project Detail (cont'd)

Departments and Boards Project Description	Total Budget	Project-to-date Actuals	Budget Remaining	Forecasted Cashflows 2012 - Q4	 Beyond 2012	Est. Year of Completion
Niagara Regional Police Services Board						
Communications Unit Back-up	2,250,000	-	2,250,000	-	2,250,000	2014
Long-term Accomodations - HQ/Admin	83,076,000	5,852,373	77,223,627	1,437,173	75,786,454	Beyond 2014
NRPS - IT Continuity Plan	1,500,000	30,528	1,469,472	-	1,469,472	2013
Radio/Data System Infrastructure and Equipment	2,400,877	221,285	2,179,592	-	2,179,592	2013
S.P.I.R.I.T.	8,630,100	7,619,162	1,010,938	-	1,010,938	2014
	97,856,977	**13,723,348**	**84,133,629**	**1,437,173**	**82,696,456**	
Public Health						
2012 - Ambulance & Equipment Replacement	**1,565,000**	**32,346**	**1,532,654**	**100,000**	**1,432,654**	**2013**
Public Works - Levy						
2012 Roads Resurfacing Program	4,000,000	1,872,462	2,127,538	1,064,000	1,063,538	2013
Construct New Hwy 406 Interchange at First & Third, SC	1,700,000	347,728	1,352,272	70,000	1,282,272	2015
Cpcty Imprv-Niagara St 4-5 lanes from Quaker to Woodlawn	2,460,000	1,039,729	1,420,271	2,200,000	640,000	* 2013
Embankment Stabilization RR 14 (Canboro Rd) at Warner	2,410,000	437,927	1,972,073	188,000	1,784,073	2014
Ferry St from Stanley Ave to Main	1,600,000	145,179	1,454,821	1,400,000	54,821	2013
Improvement RR 20(old Hwy 20), Station St to Rice Rd, Ph 3	4,210,513	2,194,280	2,016,233	1,455,000	561,233	2013
Intersection RR 81 (St. Paul St) at Vansickle Rd / First St	2,400,000	118,960	2,281,040	781,000	1,500,040	2014
Lakeshore Rd, from Geneva St to Bradmon Dr	6,774,718	288,164	6,486,554	2,912,000	3,574,554	2013
Mountain Rd, Kalar Rd to Dorchester Rd, Ph 3	3,754,494	2,221,458	1,533,036	1,037,000	496,036	2013
Niagara St, Scott St to Vine St	1,175,000	148,868	1,026,132	50,000	976,132	2014
Rds Rehab-Canborough Rd from Townline to RR20	1,100,000	34,412	1,065,588	90,000	975,588	2014

* Per PW 64-2012 Planned usage of Capital Variance Reserve

Capital Project Detail (cont'd)

Departments and Boards		Project-to-date	Budget	Forecasted Cashflows		Est. Year of
Project Description	Total Budget	Actuals	Remaining	2012 - Q4	Beyond 2012	Completion
Reconst RR 77 (Welland Ave), Niagara St to QEW	4,793,382	3,684,137	1,109,245	400,000	709,245	2013
Reconstruction RR 102 (Stanley Ave), Whirlpool Rd to Hwy 405	8,153,503	3,384,835	4,768,668	269,000	4,499,668	2013
Reconstruction RR 41 (Woodlawn Rd), First Ave to Rice Rd, Ph 3, WE	2,784,958	567,208	2,217,750	2,034,000	183,750	2013
Reconstruction RR 49 (McLeod Rd), Montrose Rd to Stanley Ave, NF	6,925,883	35,292	6,890,591	50,000	6,840,591	2014
Reconstruction RR 57 (Thorold Stone Rd) ext east of Stanley Ave	4,000,000	517,838	3,482,162	298,000	3,184,162	2013
Reconstruction RR 81 (St Paul St), Nineth St to Seventh St	6,493,081	585,037	5,908,044	1,551,000	4,357,044	2013
Reconstruction RR 89 (Glendale Ave), CNR to Canal Pkwy, Ph 2, SC	6,340,000	3,480,893	2,859,107	643,000	2,216,107	2013
Replacement of Burgoyne Bridge	5,355,631	1,331,274	4,024,357	1,988,000	2,036,357	2015
Roads Resurfacing Program	5,487,334	4,364,482	1,122,852	500,000	622,852	2013
Struc Rehab-MTO Cost Sharing (QEW through SC)	4,200,000	-	4,200,000	4,200,000	-	2012
	86,118,497	**25,800,163**	**59,318,334**	**23,180,000**	**37,558,063**	
Waste Management						
2011 Green Retrofit Project, Recycling Centre	1,455,000	-	1,455,000	-	1,455,000	2013
Facility Improvements, Recycling Centre	2,791,532	1,012,201	1,779,331	250,000	1,529,331	2013
Landfill Gas Coll System, Humberstone LF	2,290,000	210,163	2,079,837	75,000	2,004,837	2013
Leachate Coll System Upgrades, Mountain Road LF	1,510,000	151,260	1,358,740	100,000	1,258,740	2013
	8,046,532	**1,373,624**	**6,672,908**	**425,000**	**6,247,908**	
Wastewater						
2012 Pump Station Improvement Prg	2,100,000	-	2,100,000	326,000	1,774,000	2014
Anger Ave WWTP Upgrades	10,000,000	4,168,528	5,831,472	2,290,000	3,541,472	2013
Crystal Beach WWTP Upgrade Ph 2	8,000,000	3,022,845	4,977,155	550,000	4,427,155	2013
Dominion Road Pump Station Upgrade	7,670,000	716,583	6,953,417	600,000	6,353,417	2013
Kalar Rd Pump Station Upgrade	2,500,000	-	2,500,000	500,000	2,000,000	2014

Capital Project Detail (cont'd)

Departments and Boards		Project-to-date	Budget	Forecasted Cashflows		Est. Year of
Project Description	Total Budget	Actuals	Remaining	2012 - Q4	Beyond 2012	Completion
Kalar Road Pump Station Upgrade	1,424,890	102,315	1,322,575	500,000	822,575	2014
Murray Street Sewer Rehab	2,230,500	284,125	1,946,375	600,000	1,346,375	2013
NOTL WWTP Infrastructure Upgrade	2,000,000	-	2,000,000	-	2,000,000	2017
Port Weller WWTP - bar screen and alum tank upgrade	1,725,000	197,288	1,527,712	204,000	1,323,712	2014
PS Capacity Expansion Prg-Smithville PS capacity upgrade Ph 1	10,000,000	-	10,000,000	450,000	9,550,000	2014
Sewer & Forcemain Prg-Park Rd Sewer Repl	5,000,000	-	5,000,000	-	5,000,000	2014
Welland HRT Flow Monitoring	2,120,000	497,405	1,622,595	50,000	1,572,595	2019
Welland WWTP Upgrade Program	2,500,000	802,266	1,697,734	48,000	1,649,734	2016
Anger Ave WWTP Upgrade Ph 2	1,500,000	214	1,499,786	-	1,499,786	2018
	56,770,390	**9,791,569**	**46,978,821**	**6,118,000**	**42,860,821**	
Water Works						
Decew WTP Upgrade based on age/cond	14,000,000	248,673	13,751,327	70,000	13,681,327	2014
Grimsby WTP Brick Replacement	1,500,000	58,805	1,441,195	50,000	1,391,195	2013
Hixon Reservoir Upgrade	2,000,000	532,711	1,467,289	718,000	749,289	2013
Loop Trunk System, Eastchester Ave to Roehampton St	1,600,000	8,204	1,591,796	-	1,591,796	2013
New Trunk Watermains - Decew System	9,250,000	1,296	9,248,704	30,000	9,218,704	2014
Niagara Falls WTP Structure Upgrades - Settling Tanks	7,000,000	1,250,301	5,749,699	400,000	5,349,699	2013
Repair & Painting Lundy's Lane Elevated Tank	1,200,000	-	1,200,000	100,000	1,100,000	2014
Twin 600mm Watermain, Riverview Blvd/Glenridge Ave	8,650,000	3,463,675	5,186,325	1,953,000	3,233,325	2013
Welland WTP Upgrade	2,105,903	364,227	1,741,676	20,000	1,721,676	2015
	47,305,903	**5,927,892**	**41,378,011**	**3,341,000**	**38,037,011**	
Projects with remaining budgets >$1M Total	**335,352,530**	**65,577,909**	**269,774,621**	**42,082,588**	**229,111,762**	

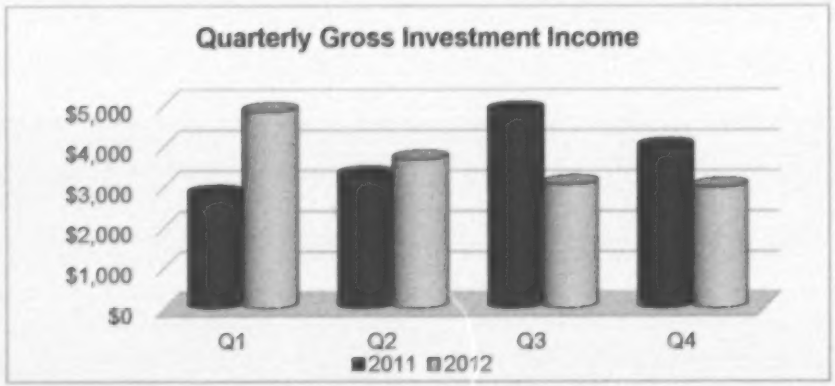
Capital Project Negative Budget Variances

The Capital Asset Management Policy requires monitoring capital projects to identify projects for which a funding deficit has occurred and provides guidelines for addressing those deficits. Criteria used to identify significant variances are those greater than $5,000 and 5 percent over total budget at a parent project level. The policy also requires that projects be put on hold where they have been reported two times consecutively until such time as a funding source has been identified.

Project Description	Total Budget**	Project-to-Date Actuals	Variance $	Variance %
Transportation				
*ZRC0527 - Reconstruction RR 73 (Fly Rd), Tintern Rd to Spiece Rd	$ 3,622,120	$ 3,899,300	$ (277,179)	7.65%
Explanation: Additional costs incurred were related to the disposal of surplus soil and property acquisitions. It should be noted that RC0527 under the same parent project was closed, and is no longer reflected in the budget, with a surplus of $1.2 million to the capital variance reserves in 2011. Note: This project variance has been reported four times consecutively and has now been identifed to be included in the next capital project closure report scheduled for 2013.				
*ZRC0635 - Rehabilitation Str on Old Hwy 8 @ Vineland Trail Culvert Replacement between Bartlett Aven / Vinehaven Trail	$ 220,000	$ 282,689	$ (62,689)	28.50%
Explanation: Additional construction costs were incurred due to unknown site conditions and inderground utility conflicts. Note: This project variance has been reported previously and as per the Capital Asset Management Policy has been placed on hold.				
ZRC0627 - Reconstruction RR 38 (Martindale Rd), Vansickle Rd to QEW	$ 240,000	$ 259,745	$ (19,745)	8.23%
Explanation: Change in scope of the EA. Staff have requested a second transfer of CVR dollars of $70,000 effective October 2012.				
ZRC0746 - Intersection RR 20 Lundys Lane Highland Ave to Main	$ 3,810,000	$ 4,117,032	$ (307,032)	8.06%
Explanation: Unforeseen utility conflicts increased the project costs. The over expenditure will be partially offset pending final cost sharing with the City of Niagara Falls once the project is complete.				
ZRC1153 - Rds Rehab-Roads Resurfacing Program	$ 6,410,000	$ 6,883,174	$ (473,174)	7.38%
Explanation: The resurfacing program contract included work undertaken that were related to other project accounts. A reconciliation of the costs will be undertaken pending completion of the project, and a portion of the costs currently reflected in this project will be allocated to the appropriate project accounts. Economies of scale are normally achieved with this approach by including resurfacing works within the larger projects.				
Waste Management				
ZGL1123 - Humberstone-Storm Pond Expansion	$ 200,000	$ 222,057	$ (22,057)	11.03%
Explanation: A portion of the seeding and grading costs that was included under this project will be transferred to the Closure Works Project at Humberstone Landfill Site. This will be done pending final completion.				
Wastewater				
*ZSW0607 - Stevensville Pump Station Upgrade	$ 620,000	$ 700,244	$ (80,244)	12.94%
Explanation: The contractor dealt with numerous events of wet weather flow during construction that were not included in the original contract. Note: This project variance has been reported previously and as per the Capital Asset Management Policy has been placed on hold.				
Total	**$ 15,122,120**	**$ 16,364,242**	**$ (1,242,121)**	**8.21%**
** Includes Capital Variance Reserves				

Investment Report (in 000's)

Institution	Aggregate Amount of Investment by Institution	Percentage Holdings by Security including Cash Balance
Investments		
Region of Niagara	31,717	8.0%
Federal	15,136	3.8%
Provincial	134,385	33.8%
Municipal	41,672	10.5%
Corporate	174,209	43.9%
TOTAL excluding Cash	397,119	100.0%
Cash (General Checking)	23,368	
Cash (Savings)	46,212	
TOTAL including Cash	466,699	



Funds	Book Value	Weight Q3
Cash	69,580	14.9%
Cash Equivalents < 1 Year	55,445	11.9%
2 Year	66,498	14.2%
3 Year	96,077	20.6%
4 Year	70,197	15.0%
5+ Year	105,851	22.7%
Sinking Fund (Incl. Cash)	3,051	0.7%
Total Portfolio	466,699	100%

	Q1	Q2	Q3	Q4	Total
2011 Actuals (Gross)	2,819	3,281	4,870	3,973	14,943
2012 Budget (Gross)	3,081	3,081	3,081	3,082	12,325
2012 Budget (Net)	3,081	3,081	3,081	2,082	11,325
2012 Forecast (Gross)	4,846	3,672	3,369	3,387	15,274
2012 Forecast (Net)	4,281	3,672	3,369	1,387	12,709

Note: Net amounts are after interest allocation to reserve funds and recommended transfer to/from investment income stabilization reserve.

Investment Update

Investment earnings on the portfolio for the third quarter of 2012 amounted to $3,369,371. Segmented earnings were $2,967,215 on investments and $402,156 on the cash (general account) balance. The third quarter annualized yield on the investment and cash portfolio was 2.77 per cent vs. 2.9 per cent in the prior quarter. At September 30, 2012, the portfolio had unrealized market gains (market value vs. book value) of $11,768,907 vs. $10,768,785 in the second quarter.

Budget Adjustment Summary

Throughout the year, budget adjustments are made to reflect revised external funding for programs and to reallocate costs between departments or accounts due to operational changes. The primary driver of external funding adjustments is the Ministry funded programs because they set their budgets after the Region's budget is approved. However, the Ministries want to see these dollars reflected in the Region's budget. For this reason adjusting the gross budget throughout the year has been a long standing practice at the Niagara Region. Adjusting the gross budget has no impact on the levy as both external revenue and expenses are increased equally to reflect those program requirements. The net budget impacting levy and rate is not adjusted. Below is a summary of gross budget adjustments that have been processed to date. Reallocations of costs within departments or among categories are not summarized below. The adjusted budget is presented throughout this reporting book.

Original Budget Revenue & Expenditures		**$778,212,807**	
Reclassification Adjustments (Items included as offsets to revenue in budget process but included as expenditures for actual funding and financial statement reporting).			
Interest allocation to reserves		**1,000,000**	
Budget Adjustments (Adjustments to the original gross revenue & expenditure budget).			
Various	129,991		Additional subsidy received for pay for performance adjustment. ($66,384 to Public Health, $50,496 to Community Services and $13,111 to Emergency Services)
Public Health	40,000		Branscombe Family Foundation Donation for Triple P Program.
Public Health	43,311		Federal government one-time funding and expenses for Drug awareness program.
Public Health	(27,340)		Funding of pre-natal classes to program based grants versus external revenue.
Public Health	98,057		Public Health of Ontario funding and expenses for Parenting Styles in Ontario project (PHD 57-2011)
Public Health	1,098,165		Additional funding received for 100% funded programs. (PHD 47-2011 and PHD 56-2011)
Community Services	394,715		Additional funding for 6.3 new full-time Personal Support Workers from Hamilton Niagara Haldimand Brant LHIN (COM 41-2011)
Community Services	112,211		New IAH program funding for 2.5 positions over 3 years in NRH (COM 02-2012)
Community Services	55,000		Year End surplus transferred to reserves for Intensive community development (NRH 10-95-4.2 & CSD 61-2011)
Community Services	17,231		IAH funding for 0.6 part time staff for administration (COM 02-2012)
Community Services	178,142		LHIN funding for 2.2 staff for Adult Day Services expansion at Woodlands & enhancement with Niagara College (COM 36-2011)
Corporate Services	(243,946)		Shared Services removal between NEDC & Region due to transition to department of Region.
Corporate Services	12,500		MFOA Internship Funding for student
Corporate Services	175,000		Emergency dispatch review funded from reserves (CSD 153-2011)
Corporate Services	15,600		To setup base budget for new legal resource (CSD 110-2012)
Integrated Community Planning	1,625,000		Cultural Capital of Canada Program (ICP 39-2012)
General Government	200,000		Set up base budget for RRIT funded from reserves (CAO 11-2011)
Emergency Services	14,425		MOHLTC additional funding and expenses for dedicated nurses to receive ambulance patients.
Emergency Services	560,104		MOHLTC funding for land ambulance to approved grant amount (PHD 28-2012).
Emergency Services	19,000	**4,517,166**	MOHLTC additional funding and expenses for cell phone repairs
September 30, 2012 Adjusted Budget		**$783,729,973**	

Explanation of Statement of Operations

The statements of operations provided in the preceding pages summarize the Niagara Region's financial operating activity as of September 30, 2012 and forecasts expected operating results to the end of the 2012 year. These statements have been compiled by Corporate Services and the departments have validated the information and provided forecasts and commentary.

These statements present the net funding position of the Niagara Region's operating budget and do not include Private Sector Accounting (PSA) adjustments for amortization, employee future benefits, and landfill liability. Approved and/or expected unbudgeted transfers to/from reserves and reserve funds can offset other variances and affect net surplus/deficit reported by departments. These statements do not include capital activity.

Certain assumptions and estimates are required to forecast results. The assumptions and estimates made have been done so with information available to management at the time of writing this quarterly financial update. Readers of these reports are cautioned that actual operating results may vary from the forecast information presented for 2012.

To better help users understand what is included in the report, below are some definitions.

Report Columns

Annual Budget - represents the annual budget approved by council in December 2011 with budget adjustments as explained on page 44.

Year To Date Budget - represents the portion of the annual budget expected to be realized from January through September.

Year To Date Actual - represents actual costs incurred and revenues earned from January to September. Departments have accrued for goods or services received but not yet paid for and revenues earned but not yet received.

Year To Date Variance - represents the difference between the year to date budget and the year to date actual. An unfavourable variance (i.e. actual expenditures are greater than budgeted or actual revenues are less than budgeted) is shown as a negative and a favourable variance (i.e. actual expenditures are less than budgeted or actual revenues are greater than budgeted) is shown as a positive.

Year To Go Forecast - represents the expected expenditures and revenues for the remainder of the year (July to December). Departments determined these forecasts based on their knowledge of current operations. As noted, actual operating results may vary from the forecasted information presented.

Annual Forecast - represents the year to date actual plus the year to go forecast. It is intended to project expected organization results at the end of the current year based on information available at September 30, 2012. As noted, actual operating results may vary from the forecasted information presented.

Annual Budget vs Forecast Variance - represents the difference between the annual budget and the annual forecast. An unfavourable variance (i.e. actual expenditures are greater than budgeted or actual revenues are less than budgeted) is shown as a negative and a favourable variance (i.e. actual expenditures are less than budgeted or actual revenues are greater than budgeted) is shown as a positive.

Explanation of Statement of Operations (cont'd)

Report Rows

EXPENDITURES

Personnel Costs - include all salaries, benefits, and personnel related allowances (meals, clothing, training, etc).

Administrative Expenses - include some allowances (car, mileage, etc.), memberships, training and related expenses and other miscellaneous expenses.

Materials, Supplies and Utilities - include costs for; chemical, medical and office supplies, small equipment, waste management supplies, and all utilities.

Repairs & Maintenance - include all costs to repair or maintain equipment, property and vehicles.

Purchased Services and Other Operating Expenses - include costs for audit, advertising, consulting, insurance, leases, contracted services, Provincial Offenses Act (POA) expenses and other expenses.

Social Assistance - costs include all Ontario Works allowances and benefits program costs.

Financial Expenditures - include all interest charges, principal debt payments, tax write-offs, and bad debt expense. The debt related charges included in this section get allocated to departments though the chargeback/recovery process.

Capital Equipment and Renovation - costs include all capital expenditures processed through the operating statement.

Interfunctional Charges/Recoveries - include all departmental chargebacks and recoveries for various services. Chargebacks and recoveries are recorded internally as a mechanism to reflect the full cost of each department. It is widely recognized within the organization that the current chargeback model does not achieve full cost accounting and as such Financial Management and Planning (FMP) has led a review of the current chargeback model that will be put in place effective January 1, 2013. For departments, interfunctional operating charges include insurance costs, rental costs, audit costs, WSIB costs, allocated salary costs, debt related costs, IT related costs, and many other interfunctional cost allocations. At a corporate level this will balance to interfunctional operating recoveries.

Housing Provider Subsidy and Supplements - include all rent supplements and the use of all housing related subsidies.

Explanation of Statement of Operations (cont'd)

Transfer to Reserves and Reserve Funds - include all transfers of funds in the current year from operating to a reserve or reserve fund. At a corporate level the net of the transfers to reserves and the transfers from reserves represents our total contribution to reserves or draw on reserves in the year.

External Recoveries - include all costs the Region recovers from outside boards and agencies or other external parties. It mainly includes debt charges recovered from area municipalities, school boards, and Niagara Peninsula Conservation Authority (NPCA).

Capital Recoveries - include all costs that are incurred in the operating statements but subsequently allocated to capital projects. It mainly includes personnel costs and project management fees allocated to capital projects.

REVENUES

Taxation – Levy - includes all revenues received from area municipalities including Payment-in-lieu (PIL) and supplemental. It also includes power dams revenue.

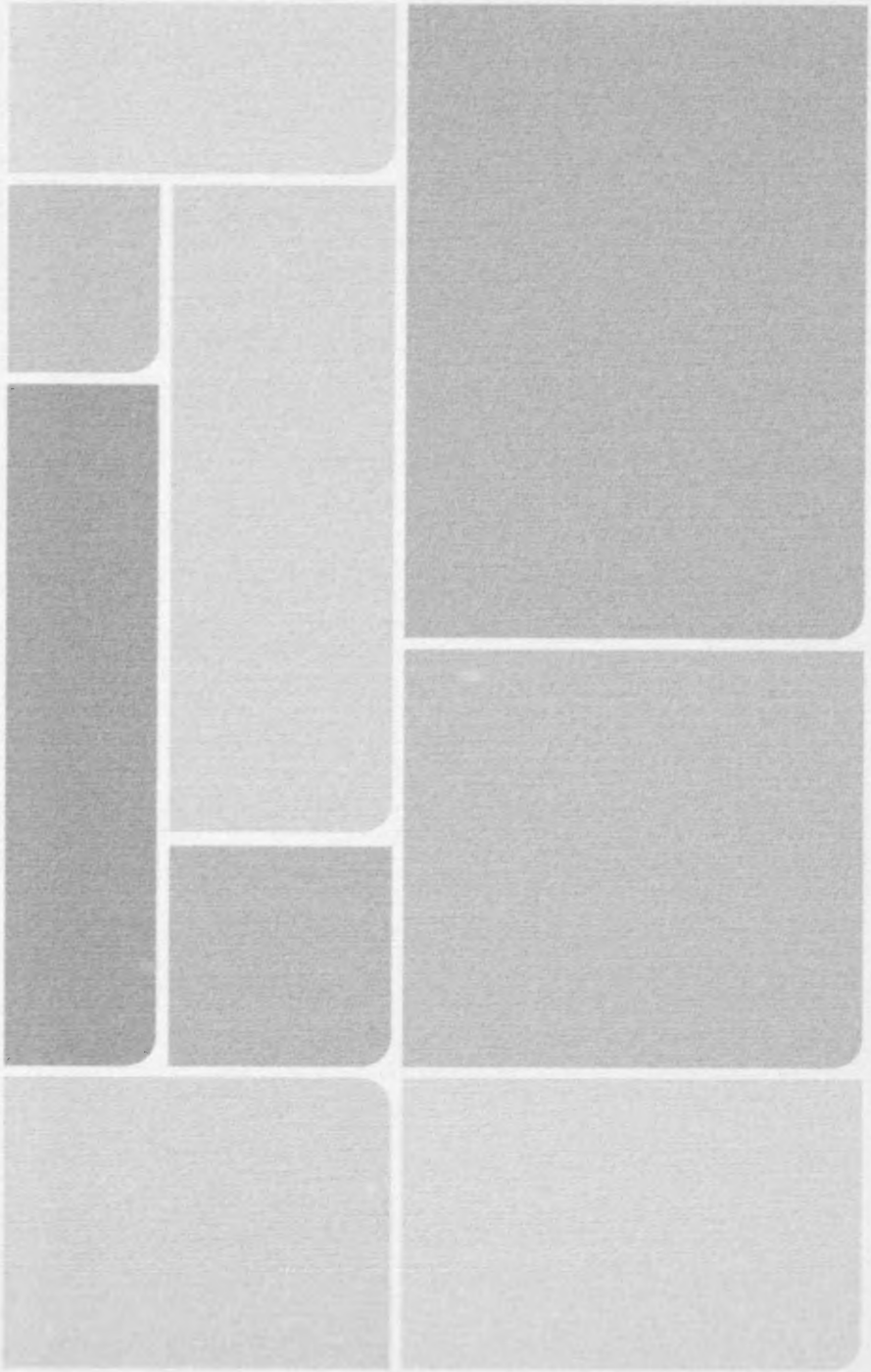
Taxation – Rate - includes all funds received to support water and wastewater operations.

Ontario/Canada Grants - include all funds received from the provincial and federal governments.

Fees and Services Charges - include child care fees, health fees, police fees (i.e. accident reports, etc), seniors homes fees (i.e. long term care accommodations fees), road fees, waste management fees (i.e. requisitions on local area municipalities) and other miscellaneous fees (i.e. zoning).

Other Revenue - includes investment income, POA revenue, recycling revenue, NRH revenue, and other revenue.

Transfers from Reserves & Reserve Funds - Transfers from reserves and reserve funds include all transfers of funds in the current year to operating from a reserve or reserve fund. At a corporate level the net of the transfers from reserves and the transfers to reserves represents our total contribution to reserves or draw on reserves in the year.



Quarterly Financial Update

Niagara Region

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Niagara Region Printing Services - November 12, 2012